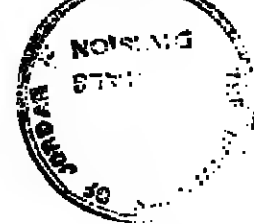


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# FINANCIAL TIMES



Weekend  
FT  
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The salmon  
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Serbia's  
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Civilised,  
tolerant  
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Mystery man  
on Italy's  
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World Business Newspaper

WEEKEND FEBRUARY 18/FEBRUARY 19 1995

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## Brussels and Tokyo deadlocked on car imports to Europe

The European Commission and Japan concluded two days of discussions on export quotas of Japanese cars without agreement on Japanese demands for an increase in the agreed limit of its exports to the European Union. Tokyo also said it would resist demands from Washington for an increase in the voluntary targets for purchases of US vehicle parts by Japanese car manufacturers. Japan backs US in China copyright war, Page 3

**Smokers win class action rulings:** Lawyers representing millions of present and former smokers in the US won a partial victory from a New Orleans court to bring a class action suit against US cigarette manufacturers claiming compensation for nicotine addiction. The plaintiffs have said they may seek damages of up to \$50m.

**Biotech reports cancer research setback:** UK biotechnology company British Biotech saw more than \$70m (\$101m) wiped off its market value after announcing a serious setback in the development of a cancer treatment. Page 5; Lex, Page 20

**Uster exclusion orders lifted:** The UK government attempted to give the Northern Ireland peace process a final push before today's Anglo-Irish talks in Dublin by lifting 10 exclusion orders under the Terrorism Act. Page 20

**Groupe Bull in the black:** Groupe Bull, the French computer manufacturer which is being privatised, returned to profit at the operating level in 1994, and is forecasting a positive net result for 1995. Page 6

**Mandela promises attack on anarchy:** South African president Nelson Mandela promised a crackdown on anarchy, the worsening crime rate, racism, corruption and violent action by a minority of trade unionists. Page 3

**Singapore expects summit with EU:** Goh Chok Tong, Singapore's prime minister, said a summit between the European Union and the Association of South-east Asian Nations is likely to be held this year. Page 8

**T&N takeover bid faces rejection:** Engineering group T&N suffered a setback in its bid to become the world's leading piston manufacturer when the German cartel office said it would probably reject the UK company's planned takeover of German components group Kolbenschmidt. Page 20 and Lex

**Trading slows as investors watch US dollar:** UK equities made an uncertain start as investors weighed the Dow's rise to a new peak overnight against the dollar's continued troubles. Within a short time the FT-SE 100 Share Index had been 10 points down and three points up, but there was little heart in the market and share prices soon began to drift downwards. The FTSE closed 6.9 points off at 3,044.2, 2.1 per cent off on the week. Currencies, Page 17; Markets, Weekend FT Page XX

**SSAB reports record profits:** Improved demand and a rise in prices for steel in Europe lifted Swedish steel group SSAB to a record annual pre-tax profit of SEK2.14bn (\$291.1m). Page 6

**Banca di Roma to take over BNA:** Banca di Roma group is to take control of the loss-making Banco Nazionale dell'Agricoltura in a deal which will create the largest banking organisation in Italy, with assets and liabilities of more than L190,000m (\$118.6bn). Page 6

**Northern Electric launches defence:** Northern Electric launched a surprise defence to the hostile £1.2bn (\$1.9bn) bid from engineering company Trafalgar House, which could unleash a radical financial restructuring of the electricity industry. Page 20 and Lex

**Eurotunnel fails to block duty-free sales:** Eurotunnel, which operates Channel tunnel rail services between the UK and France, lost its legal battle to stop duty-free sales on cross-Channel ferries and aircraft. Page 4

**Thieves ransack UK transport ministry:** Police launched an investigation into the theft of computer equipment following a break-in at the Department of Transport in London and the ransacking of offices on the floor occupied by secretary of state Brian Mawhinney.

**Companies in this issue**

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Glen 5  
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## Electrolux to set up Europe-wide works council

By Robert Taylor in London

Electrolux, the world's leading household appliances manufacturer, has agreed to set up a consultative works council to cover all 60,000 employees across its European plants, including those in the UK.

The Swedish-owned company, part of the Wallenberg family empire, and unions affiliated to the European Metalworkers Federation are expected to ratify the six-year agreement next month.

The deal is by far the largest of its kind so far negotiated in Europe by a global corporation. It runs counter to the British government's strategy of trying to exclude the UK from European Union social policies that it believes threaten competitiveness.

Mr Mike Regan, the company's UK human resources director, who led the management side of the negotiations, said: "It is an up-to-date system to meet our competitive circumstances for the rest of the century and it fits in with our company culture."

He said there was never any question of excluding UK employees from the works council, in spite of the UK government's opt-out from the social chapter of the Maastricht treaty.

Over the next few months - to the embarrassment of the British government - UK and foreign-owned transnational companies are expected increasingly to announce works councils with British employees sitting on them, under the new European Union directive.

Mr Charlie McKenzie, the AEEU engineering union official responsible for negotiating with Electrolux, said: "We have bargained a sensible agreement which meets all our requirements on all issues."

Electrolux has operations in 21 European countries. Its main production facilities are in Sweden, Italy, the UK, Germany and Spain. About 6,000 workers are employed at Electrolux's UK plants, with 12,000 in Italy and 15,000 in Sweden.

The proposed works council will meet for the first time in the autumn. It will consist of 22 employee representatives, nominated from the company's current Europe-wide workforce, who will each serve for three years.

The new body will meet annually, but special meetings may be called. Management representatives will lead the meeting and co-ordinate its arrangements.

The agreement says the council will provide "a forum for the provision of information from group management". Its discussions will cover the group's overall business performance, including discussion of mergers and acquisitions strategy, marketing, and development of new products.

The company will train the employee works council representatives in English as well as in business, finance and accountancy. It will fund all the operations of the works council.

## No sign of Fed intervention as Italy acts to support lira

# D-Mark stronger as dollar drops to two-year low

By Philip Gawth in London

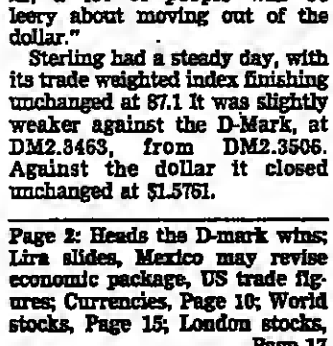
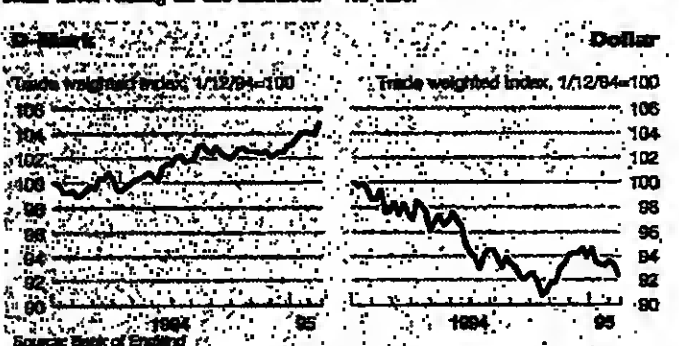
The dollar finished in London at DM1.4887, down from DM1.4914. Earlier it touched a low of DM1.4780. The D-Mark remained in favour as investors continued to seek refuge in the relative safety of the German currency. Other European currencies have been hit by concern about political risk and the dollar is being weighed down by continued fears of financial instability in Mexico.

Markets are concerned that the US will have to foot the bill for any Mexican rescue exercise. The dollar is also suffering from perceptions that US short-term interest rates may have reached a plateau, while German rates are set to rise.

Demand for D-Marks was established early in the day when news emerged that a senior Spanish official would face charges over alleged "dirty tricks" activities against government opponents.

Market jitters worsened when the lira went into what one dealer described as "virtual free fall" before the Bank of Italy stepped in to support it. Trading slowed later in the day ahead of a long weekend in the US where Monday is a public holiday.

Mr Mike Rosenburg, manager of International fixed income research at Merrill Lynch in New York, said: "As long as there is the risk that the Fed might come in, a lot of people will be leery about moving out of the dollar."



## Strike threatened as German metal union rejects talks offer

By Andrew Fisher in Frankfurt

The prospect of the first strike in Germany's engineering industry for 11 years loomed nearer yesterday as the IG Metall trade union brusquely rejected the employers' offer to hold last-minute talks this weekend.

"Gesamtmittel [the engineering employers' federation] has rejected the last chance for an agreement," said Mr Klaus Zwickel, head of the union.

that strikes could be avoided completely.

Gesamtmittel made its offer of weekend talks yesterday, saying it would then put forward concrete pay proposals. But it named no figure and IG Metall, which has 2.6m members, said it would not attend talks.

A strike was now inevitable, he added. He called the employers' offer of immediate talks a provocation.

His comments reflected growing frustration within IG Metall, which has received no reply from Gesamtmittel to its 6 per cent pay claim. The union has called a strike ballot on Monday in the south German state of Bavaria, which includes such big employers as BMW, Audi, Siemens and MAN. It said the strike could start next Friday after votes had been counted.

Employers have so far avoided naming a figure, fearing the union would then ignore the cost-reduction measures it is seeking, such as more flexible working hours and practices.

"Unfortunately, the employers have overdone this strategy, raising anger in the union's camp," said Mr Stefan Schneider, a Frankfurt-based economist with S.G. Warburg, the UK investment bank. "A settlement without a fully fledged, long-lasting strike is still the most likely outcome."

But he thought it improbable that strikes could be avoided completely.

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Alexander Solzhenitsyn, Nobel Prize winning novelist, called yesterday for the strengthening of Russia's local democratic institutions. Watched by President Boris Yeltsin, Mr Solzhenitsyn told a conference at the Kremlin that a dangerous gap had emerged between the country's leaders and its people.

## Former ministers join battle over UK's stance on Europe

By Robert Poston in London

Former UK Conservative ministers yesterday entered the battle over whether the country should join a single European currency as current ministers obeyed the prime minister's edict to refrain from further speculative comment.

The most emotive speech was by Mr Norman Lamont, the Eurosceptic former chancellor of the exchequer whose opinions are the opposite of those of Mr Kenneth Clarke, the current chancellor. Mr Clarke is thought to have been the main target of Mr Major's cabinet dressing-down on Thursday.

Mr Lamont, speaking at the Oxford University's Oxford Union, made personal attacks on Mr Clarke and Mr Douglas Hurd, the foreign secretary who, like the chancellor, is a passionate believer in the importance of the UK's membership of the European Union.

Mr Lamont said the supposed economic benefits of EU membership had been hugely exaggerated and the costs understated by EU supporters. Britain should step back from full EU membership, if the rest of the EU were to go for monetary union and closer political ties.

"Whether... Britain remains a full member of the European Union or the Economic Area is a secondary issue," he said.

A stout defence of Mr Clarke was delivered last night, however, by Sir Norman Fowler, former chairman of the Conservative party, who believes the government should commit itself to have been the main target of Mr Major's cabinet dressing-down on Thursday.

Battle lines drawn, Page 4  
Vision fades, Page 9

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## NEWS: INTERNATIONAL

## Mexico may revise economic package

By Leslie Crawford in Mexico City and George Graham in Washington

US and Mexican officials continued their talks in Washington yesterday in an attempt to wrap up the details of the \$20bn of swaps and loan guarantees the US is to contribute to Mexico's \$50bn financial rescue package.

Negotiations between teams headed by Mr Robert Rubin, US Treasury secretary, and Mr Guillermo Ortiz, Mexican finance minister, were due to carry on over the weekend.

Mexican officials said Mr Ortiz would announce a revision of the government's economic programme once negotiations on the \$20bn US aid package were completed.

The officials admitted that the economic forecasts included in January's letter of intent to the International Monetary Fund, including an inflation target of 19 per cent for 1995 and an economic growth rate of 1.5 per cent, were unlikely to be met.

"Fiscal policy will have to be tighter in order to counter the inflationary effect of the weaker peso," one official said. "This will imply further cuts in government expenditures and a revision of public sector tariffs."

The officials said part of the negotiations in Washington centred on what funds the US

Treasury and the Federal Reserve would be willing to make available to allow Mexican authorities to defend the value of the peso.

"We may be in a position to strengthen the value of the peso through a dirty float [intervention in the market]," the government official said.

Until now, the Bank of Mexico has used the credit lines extended by the US Treasury exclusively to cancel the short-term, dollar-denominated debt known as Tesobonos, which lie at the heart of Mexico's liquidity problems.

The quality of the oil collateral Mexico was offering in exchange for about \$10bn of the total US aid package were also being discussed.

US negotiators were understood to be questioning the security of Mexican oil collateral given the debt obligations of the state oil company Pemex.

The US is seeking a mechanism to ensure that Mexican oil revenues would be diverted through an account at the New York Federal Reserve Bank to reimburse the US government if Mexico should default on any of its obligations under the loan agreement.

Finance officials in Washington insisted that only legal and technical details remained to be settled, the overall package, comprising the US's \$20bn along with \$17.8bn from the International Monetary Fund and \$10bn from the Bank for International Settlements, was assured.

"The package is absolutely a done deal. The commitments are all there. Nobody is backing off from the commitments," said one international financial official.

The Mexican stock market was down 3.41 points in midday trading yesterday as traders took advantage of a strengthening peso to unload shares. The currency recovered

to 5.725 pesos to the dollar, against Thursday's close of 5.075. Traders said the currency was strengthening on news that negotiations on the US aid package were nearing completion.

Richard Lapper added: Mexico's Brady bonds - issued by the government in exchange for distressed bank debt - yesterday bounced back from recent lows. Mexican par bonds - the most widely traded Mexican paper - rose by about half a cent, and were trading at about 48 cents by the end of the day in London.

Ms Ingrid Iversen, senior economist at Morgan Grenfell in London, said the rise was due to "short covering" by traders.

## Whether heads or tails, D-Mark still wins

Instability in Mexico and Bundesbank solidity have led to currency volatility. Philip Gawith reports

Mexico City and Frankfurt may be far apart geographically but between them they hold the explanation for a week of volatility on the currency markets.

The combination of financial crisis in Mexico and the Bundesbank's reputation as a bastion of financial rectitude and stability was sufficient to drive the D-Mark up sharply against the dollar, leaving other currencies marooned in its wake.

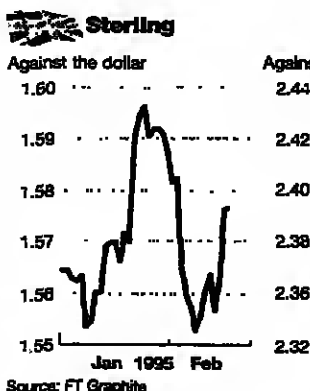
The dollar fell below its 1994 low of DM1.4555 to touch DM1.4765. The lira sank to a fresh low of L1.08675, starting fall to DM2.3382, just above its record low of DM2.3130, and even the mighty yen was weaker.

On the other side of the water, renewed anxieties about Mexico's financial position saw the peso fall back below 6.00 pesos to the dollar, before recovering slightly yesterday.

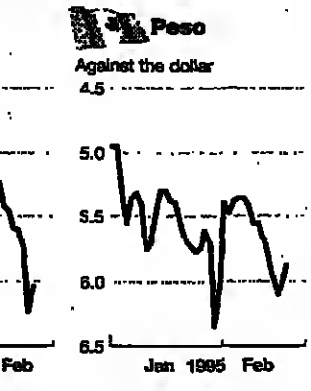
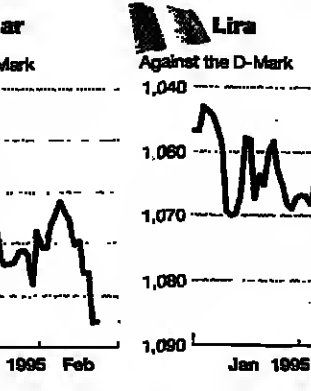
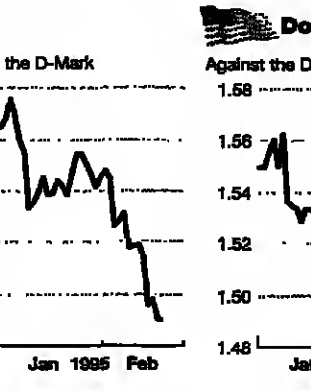
While D-Mark strength and dollar weakness are to some extent two sides of the same coin, the D-Mark has been strong for reasons other than simply dollar weakness. Domestic political and economic events in Europe have contributed to D-Mark strength as much as the dollar's Mexico-induced woes.

Mexico, however, lies at the heart of currency market tensions, both in terms of developments over the past few days and the wider ramifications of the financial crisis that erupted on December 20.

Ever since Mexico's bungled



Source: FT Graphix



devaluation first sent shockwaves through financial markets, the D-Mark has been the beneficiary. Investors, already bearing the scars of a torrid year in 1994, were made even more risk averse, with the D-Mark seen as the pre-eminent safe haven.

The dollar, however, gained a respite when President Bill Clinton announced the \$50bn rescue package for Mexico on January 31, and the Federal Reserve raised interest rates a few days later.

What seemed a political coup at the time, however, now looks increasingly to be backfiring. Developments over the past week - notably an interest rate payment default by the Mexican company Grupo Sides - have renewed market fears that the Mexican crisis still has some way to run, with the US likely to end up footing the bill.

The net effect is that mar-

kets now wonder whether the US treasury is not more concerned about the level of the peso, than the dollar.

Mr George Magnus, international economist at SG Warburg in London, comments: "What is worrying the markets is fear that Mexico has been singled out as a very special case, which will either result in higher taxes to pay for Mexico, or interfere with the process of monetary policy-making in the US, as the Fed focuses on events south of the border."

The other problem for the dollar concerns interest rates. Arguably the main reason for holding the dollar in recent months has been on the view that interest rates in the US are on a rising path.

Recently, however, there have been increasing indications of an economic slowdown, leading markets to con-

clude that US interest rates might be reaching a plateau. Mr Jim O'Neill, head of global research at Swiss Bank Corporation in London, comments: "The quite good performance of US bonds and stocks this week shows a lot of domestic investors are coming to the conclusion that interest rates have peaked. It is the same conclusion that is hitting foreign exchange markets and the dollar."

The other side of this equation is the outlook for German interest rates. Recent developments have given markets two reasons to think German rates might rise sooner, rather than later. One is the pace of German economic growth; recent figures show that Germany grew faster than any other leading European economy in the second half of 1994.

The other is the possibility of industrial action in Germany resulting from the spring wage

round. Perversely, markets do not see this having the D-Mark. One interpretation is that it is a harmless annual ritual, which will be settled in a non-inflationary manner. Alternatively, if the settlement appears inflationary, the Bundesbank's track record is such that markets are confident it will compensate by simply advancing any tightening of monetary policy. A case of heads the D-Mark wins, tails it still wins.

This is not a very happy scenario for European currencies, especially those of Italy, Spain and Sweden where large budget deficits require a tough fiscal stance. Mr Avinash Persaud, head of currency strategy at J.P. Morgan in London, explains why these currencies are weak: "It is a tail order to expect them, in a climate of rising interest rates, to raise rates and at the same time to tighten fiscal

policy."

Added to this dilemma have been particular domestic concerns which have contributed further to currency weakness. In Italy, worries about whether the new government will be able to pass a mini-budget in France, renewed attention to "political risk" as the lead of Mr Edouard Balladur, the prime minister, shrinks in the presidential opinion polls; in Spain, renewed focus on alleged government "dirty tricks" against its political opponents.

Sterling's weakness in part reflects limited evidence that the UK economy might be slipping back into the unhappy combination of rising inflation and slow growth. More fundamentally, however, it is the result of foreign investors showing their displeasure at protracted political squabbling in the ruling Tory party. Mr O'Neill comments: "Constant bickering about Europe is scaring people overseas. People like to see leadership, and they are not getting it."

So far, markets have stopped short of a full blown currency crisis. This is largely due to the decision in 1993 to widen the ERM fluctuation margins to 15 per cent either side of system's bilateral central rates, from 2.25 per cent and 6 per cent previously.

As Mr Magnus notes: "We can say with great conviction that but for the 15 per cent bands, we would already be at the height of a major ERM crisis."



A trader at the Milan SE ponders investor caution amid the lira's continued weakness yesterday.

## Italian parties soften on early poll as lira slides

By Robert Graham in Rome

The prospect of a currency crisis yesterday appeared to be knocking some sense into Italy's political parties bitterly divided over whether to back the new Dini government's limited mandate.

This small dose of realism emerged as the lira fell to a new low against the D-Mark. At one stage yesterday the Italian currency touched L1.087 before the Bank of Italy intervened.

The central bank's intervention brought the lira back to L1.083, compared with Thursday's fixing of L1.074.

The divisions among the parties stem from widely differing views on when general elections should be held. Mr Silvio Berlusconi, the former premier and Forza Italia leader, has been pressing for June elections. This would give insufficient time for Mr Lamberto Dini's government to carry out his four-pronged programme - introduction of a mini-budget, new regional electoral laws, rules for fair media coverage during elections and reform of pensions.

A string of statements from

political leaders indicated a growing awareness that failure to back the government's imminent mini-budget would have disastrous consequences on Italy's international credibility. Nevertheless, it was evident that much further bargaining was necessary to reach a minimum consensus to allow the government, composed of non-parliamentarians, to implement even part of its small promised programme.

The alarm was raised in the strongest language by Mr Massimo D'Alema, leader of the Party of the Democratic Left, which has given strongest backing to the month-old administration.

He fears a failure to find a consensus for the Dini government would force the country to a June election amid a financial crisis.

Mr D'Alema said: "The lira is suffering dramatically from political uncertainties, from the state of general confusion and the cries of 'let's vote, let's vote'. All the political parties must allow the Dini government to carry out its programme, bearing in mind the interests of the country

and not their own selfish concerns."

Mr Silvio Berlusconi, the former premier and leader of Forza Italia, hinted for the first time that he would be willing to let the proposed L20,000bn (£8bn) mini-budget pass through parliament. But he also said that he would judge the fiscal measures on their merits and would link any approval to a general election being held in June.

A more conciliatory line has come from Mr Gianfranco Fini, leader of National Alliance, the heir to the neo-fascist MSI and Mr Berlusconi's most important ally. Mr Fini's slight distance from Mr Berlusconi revealed that the two are increasingly becoming rivals for the leadership of the right-wing alliance that won last March's general election.

At the same time Mr Berlusconi's putative ally - Mr Rocco Buttiglione, leader of the centrist Popular Party composed of former Christian Democrats - insisted yesterday that the Dini government be allowed to carry out its full mandate and remain until the spring of 1996.

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Social and fiscal discipline vital to realise vision of more jobs, homes and health care, says president

## Mandela promises crackdown on crime and graft

By Roger Matthews and Mark Suzman in Cape Town

President Nelson Mandela yesterday promised South Africans that his government was declaring war on anarchy, the worsening crime rate, racism, corruption and violent action by a minority of trade unionists.

"Let it be clear to all that the battle against the forces of anarchy and chaos has been joined. Let no one say that they have not been warned," said Mr Mandela during an hour-long speech to mark the opening of the new parliamentary session.

He forecast an exciting year of legislation ahead, as the government sought to build its vision of a new, fairer society based on realistic targets that would provide jobs, houses, clean water and primary health care. But his repeated insistence that this could only be achieved against a background of tough social and fiscal discipline won him more applause from the National party, which ruled the country under apartheid, than from the now dominant African

National Congress.

The Nationalists particularly warned to his assertion that the situation cannot be tolerated in which our country continues to be engulfed by the crime wave which includes murder, crimes against women and children, drug trafficking, armed robbery, fraud and theft. The president urged the police to greater efforts and promised that there was no intention of carrying out a witchhunt against officers for their activities during the apartheid era.

Mr Mandela was also tough on public sector trade unions which thought they could squeeze more money out of the government through strikes. He sympathised with the low-paid, but stressed that the government simply did not have the money to meet their demands.

With the budget due next month, Mr Mandela underlined the importance of fiscal discipline. "The government has extremely limited resources to address the many and urgent needs of our people," he said. "We must rid ourselves of the wrong notion that the govern-

ment has a big bag full of money. The government does not have such riches."

Mr Mandela said he favoured a transparent and participatory budget process. It was right for people to know how much money they had contributed to the state and how it was being spent. He hoped this would stop people being seduced into a world of false hopes. But he underlined that strikes would not make money available, and he urged the unions to be on their guard against anarchists who sought to exploit the situation.

With several senior members of the ANC having recently been accused of misusing official funds, Mr Mandela also emphasised his determination to root out corruption.

However, he cautioned against condemning people on the basis of mere allegations, and reminded parliament that apartheid had made corruption part of the fibre of the country. "At all times we must guarantee the right of the accused to be heard, without making any concession to a primeval instinct to pillory and humiliate people at the stake," he said.



Mr Mandela and his daughter Zinzi Dlamini after the opening of parliament yesterday

## Japan backs US in China copyright war

By Guy de Jonquieres in Tokyo and Tony Walker in Beijing

China's trade dispute with the US over copyright piracy is a "test case" of Beijing's willingness to respect international rules which could affect its prospects for joining the World Trade Organisation, a senior Japanese trade official said yesterday.

If China met US demands that it develop effective mechanisms to control piracy, that would be "conducive" to its accession to the world trade system, he said. However, if China did not make a high effort to settle the dispute, "it would at the very least send a very disappointing signal to members of the WTO."

The official's remarks are the closest the Japanese government has come to expressing support for the US stance in the copyright dispute.

It is also the first time any large WTO member - apart from the US - has publicly linked the dispute with China's negotiations to join the trade body, which have been stalled since late last year.

The Japanese official said his government supported China's "eventual" integration into the world trade system. However, he said that to join the WTO, countries had to set out a specific timetable for harmonising their national policies with multilateral rules.

"In that regard, I believe the current discussions between China and the US about intellectual property rights would prove to be an interesting test case," he said.

It was essential for China to establish an effective set of rules and legal procedures to end copyright piracy, he said.

The official also insisted that the Japanese government was determined to resist Washington's demands in current bilateral trade talks for negotiations on an increase in the "voluntary targets" for purchases of US vehicle parts by Japanese car manufacturers.

"Should the US persist with

its current position, it would be almost impossible for an agreement to be reached," he said. However, he was more optimistic about prospects for talks on US demands for better access to car dealership networks in Japan and deregulation of its spare parts market.

Meanwhile, in Beijing, the US and China have signalled progress after four days of talks in their efforts to resolve the copyright dispute and head off a sanctions row. A US spokesman said "some progress" had been made, but "significant differences" remained. Negotiations will continue over the weekend.

Yesterday's slightly more positive statement indicates that the gap is narrowing. However, there was no indication whether negotiations would be concluded in time to avert tit-for-tat sanctions.

The US has threatened to impose punitive sanctions on \$1.08bn worth of Chinese imports if no agreement is reached by February 25. China has said it will retaliate.

The two sides are focusing on protection for audiovisual products and computer software, border enforcement, and trademarks. The US is demanding "concrete" action against blatant counterfeiting of American information and entertainment products by Chinese factories, some of them state-owned.

Beijing has objected to US attempts to introduce market access issues to the copyright negotiations.

China has warned that a Sino-US trade war would threaten \$2bn worth of proposed Boeing orders by China Southern Airlines.

The European Commission and Japan yesterday concluded two days of discussions on export quotas of Japanese cars to Europe without agreement on Japanese demands for an increase in the agreed limit of its exports to the EU. Officials from both sides agreed to postpone discussions, but failed to set a date for resuming them.

## S Korea set to reform foreign workers' rights

By John Burton in Seoul

A recent protest over harsh job conditions by a small group of Nepalese workers in Seoul has rapidly led to proposed reforms that would protect the rights of foreign workers in South Korea.

The government this week announced that it would phase out a pioneer programme to import foreign labourers, which the Nepalese claimed amounted to a form of slavery, and replace it with a work permit system that would improve their status.

The treatment of foreign workers is seen as a key test of the government's commitment to promoting the "internationalisation" of Korea's insular and homogeneous society, which is sometimes reflected in discrimination against outsiders.

Problems confronting foreign workers received widespread attention after the Nepalese factory workers held a nine-day sit-in at Seoul's Myeongdong Cathedral last month.

Their litany of complaints included unsafe working conditions, beatings by employers, non-payment of wages, excessive working hours, and confiscation of their passports.

The bad publicity could harm efforts to recruit more workers from abroad as the government considers increasing the number of foreigners

allowed into the country to take the mainly unskilled and low-wage jobs that Koreans shun.

Small businesses, particularly in the textile and clothing industry, are demanding a rise in foreign worker quotas to ease a labour shortage.

Technically, the employment of migrant workers is banned in Korea. However, exceptions are made for those jobs that Korean workers are unable to fill.

In addition, the government introduced an "industrial technical training programme" for foreigners in 1993 as a pretext to provide unskilled imported labour to small industries.

Of the 33,600 foreigners legally employed in Korea, 19,000 of them are "industrial trainees" who stay for a two-year period. Most come from China, the Philippines and the Indian subcontinent.

The Nepalese protest exposed widespread abuses in the trainee programme, which is administered by the Korea Federation of Small Business.

The new labour policy announced by the government promises easier entry for foreign workers if small companies improve labour conditions. The government next year will introduce a "work permit" system, similar to ones used in Singapore and Germany, to ensure a steady supply of imported labour.

## Algerian regime tightens grip on Islamic leaders

By Rouse Kjaer

The Algerian authorities are tightening their clampdown on leaders of the Islamic Salvation Front (FIS), as violence intensifies in the three-year conflict between the army and the Islamists.

According to people close to the FIS, the son of Mr Abassi Madani, the FIS founder, has not been allowed to see his father for several days. Mr Abassi Madani, who was released from prison last September and placed under house arrest, went into hospital last week with an ulcer. The FIS says Mr Madani may have been moved from hospital by the authorities.

Mr Ali Benbadji, FIS's second in command who has also been under house arrest since September, was moved by the authorities to an unknown

location in the south. Five other members of the FIS ruling body who were freed last year and were recently allowed to meet other opposition parties in Algiers, have received notices asking them to report to police headquarters. The five have said they will ignore the instruction.

These latest government moves against the FIS leaders come at a time when the group's standing has risen, following its signing last month, along with other opposition groups, of a peace declaration committing it to democratic principles.

The so-called "Rome declaration" increased international pressure on the Algerian government to commence talks with the FIS. The army rejects this approach, insisting instead on "eradication" of the Islamists.

As forecast, the month of Ramadan is proving bloody. This week, the killings have included an Algerian journalist, one of Algeria's most popular singers, the president of a woman's association, the director of the national theatre, and a foreign ministry official.

Algerian observers say many attacks have gone unreported, including a bomb explosion in a school in Algiers in southern Algeria which killed two children, and an attack on the police headquarters in Bida, near Algiers.

In addition, unofficial reports earlier this week said an Algerian Islamist commando attacked a Tunisian border post, killing six guards. Both Algerian and Tunisian government officials have denied the attack, with the Tunisians insisting that the guards' Land Rover skidded off the road and fell into a ravine.

## Singapore looks to summit with EU

By Kieran Cooke in Singapore

Mr Goh Chok Tong, Singapore's prime minister, says a summit between the European Union and the Association of South-East Asian Nations is likely to be held before the end of the year.

Mr Goh said that such a meeting was necessary to avert frictions in trade.

Singapore has been the driving force behind the idea of a EU-ASEAN summit.

Mr Goh said that the EU and North America already had the machinery in place for settling differences. And the Asia-Pacific Economic Co-operation forum (Apec) served as a forum for discussions between the countries of east Asia and North America.

"I feel there is a lack of mutual appreciation of each others' aspirations, strengths and weaknesses," he said with regard to ASEAN countries' relations with the EU.

"We regard the EU as a protectionist block but the French have assured us that it is not - we must understand each other more."

"Now we [in Asia] want to close the missing side of the triangle by having a summit with Europe," said Mr Goh. The meeting, which is awaiting formal approval from ASEAN and European leaders, is likely to be held after an ASEAN gathering in Bangkok later this year.

Mr Goh confirmed in an interview that Vietnam would join ASEAN in July. He also said that Burma would be considered for future membership. Singapore, which is the leading investor in Burma, has been promoting what it calls "constructive engagement" with the military regime in Rangoon.

"We still hold the view, shared by more and more people, that the best way to get Burma to return to normalcy in government is through constructive dialogue," said Mr Goh.

The Singapore prime minister said that the recent offensive undertaken by the Burmese military against forces of the Karen minority was an internal problem.

Singapore has been accused of selling large amounts of arms to the Burmese regime.

"Singapore does sell small arms and weapons to other countries," said Mr Goh.

"But there are defence guidelines on this which take into account particular situations in those countries. So do not conclude that we are selling small arms to Burma."

On China, Mr Goh said that while it was impossible to predict political developments, he was confident that the economic changes Beijing had embarked on would stay on course.

"Short of a civil war in China, the country will continue to grow and we will continue to invest heavily," said Mr Goh.

## Suharto son in big oil plan

By Maruella Saragosa in Jakarta

The son of Indonesia's President Suharto has announced plans to build a \$1.5bn oil refinery in east Java - the latest in a series of large business contracts to have been swept up by the president's family in recent months.

Mr Bambang Trihatmodjo, President Suharto's eldest son, said a feasibility study for the project had been completed and that he was considering

inviting a foreign partner to participate.

Officials familiar with the plans said the refinery could be operating as early as 1998 with a production capacity of 200,000 barrels a day.

Mr Trihatmodjo's plans were announced a day after executives at Pertamina, the state-owned oil company, commented on a slow-down in the construction of private-sector oil refinery projects. Of the seven private-sector investors who received government

approval to start work on oil refineries last year, none has started construction so far, largely because financing has been limited.

Mr Trihatmodjo controls the Bimantara Group, a conglomerate with interests in petrochemicals, finance, property and telecommunications. The group has been growing rapidly since it was set up over a decade ago and is considered to be among Indonesia's 10 largest conglomerates.

## Lure of career seduces Taiwan women

High income professionals are delaying marriage and motherhood, writes Laura Tyson

In Taiwanese director Ang Lee's film *Eat, Drink, Man, Woman*, nominated this week for an Oscar, the attractive middle daughter of a widower chef finds success and fulfilment in her career as an airline executive but is disappointed in love.

She typifies a growing class of what the Taiwanese call *danshen qizhi* - "single nobles", or high-income professional women who put career ahead of finding a husband. This is not necessarily because they reject marriage and family, but because education and economic independence have created expectations few potential husbands can meet.

The phenomenon would hardly be cause for remark in London and New York and elsewhere in the west. But in Taiwan, women are delaying marriage and the broader demographic consequences of this trend is worrying the government.

The average age for first marriage among women reached 28.2 last year, up from below 24 in 1980. Men are marrying for the first time at 30.9 years of age on average, up from 27 in 1980.

Mr Wu Shu-cong, a senior official in the population department of the interior ministry, warns: "If our female compatriots get married too

late, not only will the birth rate decline but the quality of the population will be affected, because after the age of 35 the chances of giving birth to unhealthy children are higher."

Still more critical, he says, is that a generation from now, there will be fewer working-age people to support Taiwan's rapidly growing population. This will strain government resources and capacity to fund pensions and provide health-care for the elderly.

"Taiwanese men are still very old-fashioned," says Ms Victoria Bian, who is "about" 34 and single. She has a masters degree in business administration from a US university and works at a European bank.

"Taiwanese guys don't want to marry a woman with a higher level of education," she says. "All they care about is looks and whether a woman can have babies."

The mala perspective is somewhat different. Mr Pedro Tai, investment company analyst, is 30 and single. "For me, the mala problem is economic," he says. "I can't afford to buy a house. It's easy to get married, but what next? Then you have to live with your parents. If you do buy a house, your standard of living will drop very fast. You have to worry about a mortgage, have

less disposable income and your quality of life is affected." Propelled by the island's rapid economic development, Taiwanese society is becoming the capital Taipei - now finds itself both blessed and cursed with the same freedoms, values, conflicts and dilemmas as any other modern society. The only difference is that social changes that took perhaps half a century to unfold in the west have been telescoped into less than a generation in Taiwan.

"Rising education is the crucial factor behind delayed marriage among women. Education increases labour force participation and income," said Mr Chang Ming-cheng, director of the Taiwan provincial institute of family planning.

"In the past, the government's family planning policy was to bring down the birth rate. This was successful: since 1964 the total fertility rate has been below [the required] replacement [rate]. For the past six years our programme has focused on certain groups, especially teenagers. We try to persuade the younger generation that the proper age for marriage is 25 for women and 27 for men. But obviously this has not been very effective."

Does Taiwan plan to launch a Singapore-style government-sponsored dating programme? "So far, no," laughs Mr Chang.

Mr Tong Rong-hsiung, a taxi driver in his early 30s, believes the traditions of old China which persist in modern Taiwan society are causing a generation of young women to delay tying the knot.

"Chinese men like to find a little wife [mistress], go out drinking and gambling. This is a custom in Chinese society," he explains. "Chinese culture dates back 5,000 years so these concepts cannot be changed easily. In the past, women had no power. Young women today are not willing to accept these things."

Ms Abby Lin, a marketing representative for a UK electronics company, is 32 and plans to marry this year. "The Chinese concept of *guan yu* - fate bringing people together - affects many people's thinking nowadays. They feel quite happy with their lives and are not eager to find a boyfriend. But many people go to a fortune-teller to find out when they will meet their future husband or wife. There's so much pressure from family and society, they just need someone to talk to. Many still think that a woman is too old after 30."

Matchmaking is quite common. Ms Lin says, especially among the rich families. "They don't want their kids to marry

someone they met at school or through friends; they want to pick someone from another rich family." She adds: "As for children, now people just want one or at most two."

Ms Catherine Tseng, a private banker, is 29 and single. "My family is trying to get me to go to a matchmaker, but I don't want to do that. For young women today, money isn't the most important thing anymore. They want someone who will share the housework, and help take care of the kids."

Banker Ms Bian would like to find a husband, but admits she has set herself high standards. She says she would sooner remain single than compromise. "I can take care of myself. Now we are more independent. We enjoy our freedom."

That outlook finds favour with her male professional counterparts. Investment analyst Mr Tai does not want a wife who will perform traditional domestic functions; he wants someone with an independent career.

"I want my wife to work," Mr Tai says. "I don't want her sitting at home waiting for me, just cooking and taking care of the kids," he says.

As Ms Bian says optimistically: "Everybody's expecting the perfect person, and there's no match."

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## NEWS: UK

# Rail executive quits over privatisation fears

By James Buxton,  
Scottish Correspondent

Mr Chris Green, director of ScotRail, one of the state-owned train companies set up to encourage privatisation of the national rail network, resigned yesterday. After years as one of the national rail network's top managers, he is to become chief executive of English Heritage, the government agency which manages historic monuments including Stonehenge and the Tower of London.

The government attempted to limit

the damage caused by the resignation by insisting that it would make no difference to the privatisation programme.

Mr Green gave no clear indication of why he was leaving ScotRail, where his decision stunned many staff. He said in a statement to them: "Having set the new ScotRail on the route to privatisation with a strong management team, I believe that the time is ripe for a career change."

His departure removes one of the country's most effective railway managers. He had been expected to lead a

management buyout for the franchise to run ScotRail, which the government has earmarked for an early sell-off.

But he never concealed his dismay at the way in which the government has broken up British Rail into a collection of state-owned companies as part of its privatisation programme. He moved to ScotRail last April from being director of Intercity, a business with three times ScotRail's turnover, which has now been divided into seven units.

Last month he gave an outspoken

newspaper interview in which he warned that expected cuts in ScotRail's budget for the coming financial year could result in reduced services and staff levels. He was reprimanded by the British Railways Board and told not to speak to the media unless it benefited the company.

But Mr George Kynoch, the Scottish Office industry minister said: "I don't think the future of ScotRail is dependent on one particular man. Chris Green has obviously made a major contribution to it. But I think the

privatisation will go ahead very smoothly."

The opposition Labour party seized on Mr Green's departure as a further indication of the troubles besetting privatisation. Mr Brian Wilson, the party's industry spokesman, said: "Everyone in the industry knew what Chris Green thought of what was going on. Within the past few weeks we have seen the gagging of him reinforced when he tried to speak out. I think he was finally sickened by the huge budget cuts which ScotRail are having imposed on them."

## Cabinet agrees uneasy truce over EU policy

A strategically important billock has been surrendered. But in the Conservative government's internal war over whether sterling should join a single European currency, vast acres of territory are still under the chancellor of the exchequer's dominion.

That at least was how Mr Kenneth Clarke was consoling himself and his troops after a week in which the prime minister insisted on a cabinet vote of silence on the more "speculative" European Union questions - especially the constitutional implications of monetary union.

Mr Clarke's supporters saw this as a direct rebuff to the chancellor. It was he who had inflamed Eurosceptic ministers by playing down the effect on national sovereignty of sterling's membership of a single currency - turning a ministerial debate on monetary union into a public battle that threatened to undermine the government.

The scale of the crisis became clear when Mr Major delivered a five-minute lecture to the cabinet on Thursday telling them they must respect the principle of collective cabinet responsibility and present a united front.

The constitution - the "dreaded C word" to quote a supporter of Mr Clarke - became the central battle issue during prime minister's questions in the Commons on February 7. Mr Major said he could not say whether it was right to join a single currency. "I will not make a judgment that is crucial to the constitutional and economic future of this country until I see the economic circumstances of the day."

This statement fuelled Mr Clarke's concern that Mr Major had been hijacked by the more Eurosceptic wing of the government. His fear was that over the coming year they would continue to pull Mr Major in their direction, forcing him to play the "national card" in the next general election and rule out UK membership of a single currency.

### Robert Peston on the delicate relations between John Major and his chief finance minister



Under fire: John Major and Kenneth Clarke in the Conservative trenches

bership of a single currency once and for all.

Further Eurosceptic pressure was exerted on Mr Major on the following day, when 97 backbench Tory MPs - about half of the party's backbenchers - signed a parliamentary motion congratulating the prime minister for "making it clear... that it is not in the UK's interest to join a single currency in 1997".

It has been government policy for some time that sterling should not join a single currency if one is created in 1997 - the entry date under the Maa-

stricht treaty. The motion pointedly did not congratulate Mr Major on the other part of his policy - that it would be wrong to decide now whether or not to join at the end of the century or later.

On February 9, Mr Clarke dropped his bombshell. It was an explosion which the prime minister knew was coming - according to Downing Street officials Mr Clarke's speech had been seen and approved by Mr Major. The speech outraged Eurosceptics because it characterised their concerns as hysterical and out of step with

Conservative party tradition. Mr Clarke said, for example, that "the belief that in 1973 Britain only intended to join a free trade area without political involvement is in danger of becoming one of the myths of our time".

"An unacceptable undermining of this country's sovereignty. Just in case his cabinet opponents had not got the message, he added: "It is quite possible to have monetary union without political union. The Eurosceptics were furious. The following day, Mr Michael Portillo, the employ-

ment secretary, described Mr Clarke's remarks as not being a "help" - which is close to mutiny under the principle of collective cabinet responsibility. Mr John Redwood, the Welsh secretary, who is as far from Mr Clarke on this question as it is possible to be, said that joining a single currency was "a very big constitutional issue".

It was not just Mr Clarke's opponents who were infuriated. Some of his supporters felt he had stirred things up too much. "He considerably damaged any chances he had of succeeding John Major," said a backbencher normally sympathetic to Mr Clarke. Meanwhile the 1922 committee of backbench Tory MPs was becoming alarmed by the appearance of cabinet disunity. Their conviction that it must be stopped was reinforced when Mr Eddie George, the governor of the Bank of England, told a meeting of Tory MPs on Tuesday night that the European row was undermining confidence in the pound.

But any action by Mr Major was pre-empted by remarks made by Mr Clarke in an interview in Thursday morning's Daily Telegraph - published just hours before the 10am cabinet meeting. Mr Clarke called for a "debate at the right level of decibels" on monetary union and reiterated that "the idea that this [a single currency] is in itself some threat to the nation state is wrong".

Mr Major had, however, decided that the correct decibel level for this debate was zero. The cabinet administration applied to all ministers involved in the public debate over the past fortnight - but there was an impression that Mr Clarke had been particularly rebuffed. This was reinforced that evening when Mr Major wrote to Mr Gordon Brown, the shadow chancellor, who had been pressing him to say whether he agreed with Mr Clarke's views.

The letter said that Mr Major and Mr Clarke were agreed that "a single currency would raise significant economic and political and constitutional issues". Mr Clarke had in previous interviews accepted that there were constitutional implications, but never with as much emphasis as in the letter. Officials insisted that Mr Clarke had suggested the new formula - to end the appearance that he was at odds with the prime minister.

Mr Clarke's supporters said that he retains a distinct advantage over his opponents as monetary union policy evolves - he keeps responsibility for vetting their utterances on monetary union. Under "question of procedure for ministers" - whose tenets Mr Major stressed in his dressing down to cabinet - no minister may make a speech or broadcast on monetary union which strays outside publicly agreed policy, without first submitting the text for approval to the minister responsible for making policy in this area - the chancellor.

The chancellor is convinced that he has secured his main objective. By stressing the primacy of economic arguments, he has ensured that the public debate has been about the right criteria for joining, not whether we should join. He is convinced there will not now be a manifesto promise that a Tory government would keep sterling outside a combined currency.

The price of this victory - if indeed it turns out to be one - has not been insignificant. Any suggestion of a split between a prime minister and chancellor can have devastating consequences. It is arguable that the division between Baroness Thatcher and Lord Lawson in the late 1980s was the most important factor in the events leading to the resignations of both.

What Mr Clarke must hope is that when the cabinet's fragile truce on Europe is broken - and most Tories believe the truce is only temporary - first hostilities are launched by the Eurosceptics.

## UK NEWS DIGEST

## Arms-for-Iraq judge protests to government

Sir Richard Scott, a senior judge, has told the government he is not prepared to accept an "unnecessary delay" to the publication of his inquiry into the sale of arms to Iraq by UK companies in defiance of international sanctions. The warning, made public yesterday by the judge, has brought to the surface growing tensions between Sir Richard and the government over the inquiry, which threatens to be sharply critical of the conduct of some civil servants and ministers.

In a letter to the cabinet office signed by Mr Christopher Muttukumaru, the inquiry's secretary, the judge rejects a request made by witnesses that they be sent relevant extracts of the final version and given a further opportunity to defend their position.

The letter, addressed to Mr David Gould, the cabinet under-secretary, states: "It has been suggested that the inquiry send the relevant extracts to all individuals who have been criticised in them. We believe that fairness does not require this to be done." It adds: "We believe, moreover, that there is a strong public interest in the earliest possible publication of the report. The vice-chancellor is not prepared to countenance unnecessary delay." Jimmy Burns

MPs to investigate derivatives

The Treasury committee of the House of Commons is to examine regulation worldwide of the market for derivatives as part of a broad inquiry into controls on financial services. The committee said it would examine the extent to which the UK's Financial Services Act of 1986 is "sufficiently robust to effectively cover the over-the-counter (OTC) derivatives market". Derivatives are financial instruments whose price reflects the performance of underlying assets such as bonds and securities.

The committee will also "be examining the extent to which there can be said to be a systemic threat posed to the financial markets by the burgeoning derivatives market, and the response of regulators worldwide to this". It will consider whether greater public disclosure of "credit risk strategies" and improved accounting practices by financial institutions might help "prevent excessive turbulence in these markets". Richard Lapper

## Rule change may be delayed

Lloyd's of London has been left on tenterhooks by Mr Michael Heseltine, trade and industry secretary, as it attempts to change its rules so that damages won in court by Names are used to settle debts at the insurance market. Mr Heseltine had last night still to approve the rule change, and his department was unable to say if a decision would be made before a Lloyd's council meeting on Monday which has been arranged especially to approve the measure.

The timing of the move is important to Lloyd's leaders because there is a risk that Names belonging to the Gooda Walker Action Group may soon receive damages for losses incurred in the late 1980s. The High Court this week ordered a £20m interim payment for the Names, individuals whose assets have traditionally supported Lloyd's. The Department of Trade and Industry has responsibility for protecting the interests of insurance policy holders. Ralph Atkins, Insurance Correspondent

## Lawyer to pay client's heirs

A lawyer who delayed preparing a will for so long that the client had died before it was ready to pay compensation to those who would have received bequests, the House of Lords ruled in its capacity as final court of appeal. The lords upheld a Court of Appeal decision in favour of two sisters who claimed they each lost £9,000 (£18,000) in bequests from their father because of the lawyer's negligence. Mrs Carol White and Mrs Pauline Heath, who live in Birmingham, had sued Philip Baker King and Co, a solicitors' firm, and one of its legal executives.

A majority of law lords agreed with three Court of Appeal judges that, as intended beneficiaries, the sisters were each entitled to recover £9,000 damages with interest. Dismissing the solicitors' appeal, Lord Browne-Wilkinson said: "It would be unacceptable if, because of some technical rules of law, the wishes and expectations of testators and beneficiaries generally could be defeated by the negligent actions of solicitors without there being any redress." PA News

England fans sentenced: Two English football supporters were each sentenced to two months' jail by a court in the Republic of Ireland after admitting causing a breach of peace at Wednesday's Ireland-England soccer international. They were later bailed after being given leave to appeal. The two and a third man who was fined were arrested by Irish police after two of them were recognised in newspaper photographs of events at the Dublin ground where crowd violence forced the match to be abandoned. One of the men apologised in court on behalf of all three, saying a man they attacked had called them English scum.

Break-in at ministry: Police launched an investigation into the theft of computer equipment following a break-in at the Department of Transport and the ransacking of offices on the floor occupied by Mr Brian Mawhinney, secretary of state. The intruders damaged computers and stole parts. Protestors against road-building have staged a number of demonstrations in recent months.

Bull shot: A bull was shot dead by a police marksman after it went on the rampage during a promotion stunt for a brand of beer. Photographers and brewery officials were sent scattering as the previously docile animal went wild at Theakston's brewery in Masham, northern England. The animal broke free and burst into the brewery during the launch of Theakston's Black Bull beer. As the bull's owner tried to restore calm, he was knocked over by the charging animal.

## Rules proposed for disposing of disused oil rigs

By Robert Corzine

The government has disclosed its latest thinking on ways of dealing with abandoned North Sea oil installations in a move likely to re-open divisions between the oil and fishing industries.

Mr Tim Eggar, energy minister, said the cost of abandoning individual fields would be vital in deciding the fate of platforms.

He called on the oil industry to adopt a co-operative attitude towards abandoning installations in order to lower overall costs. The government in turn would take a flexible, case-by-case approach and would look at all options, including moth-balling, alternative use or the partial dismantling of many deep-water structures.

The fishing industry has demanded the complete removal of all platforms. But Mr Eggar said cost factors, as well as environmental concerns and the interests of other maritime users, would be "weighed in the balance".

"Much of the cost of abandonment will be offset against tax, and up to 60 per cent of the cost of the burden will fall on the taxpayer," he said.

The UK Offshore Operators Association, a trade association, expects £1.5bn (£2.3bn) to be spent over the next 10 years in decommissioning 50 out of 200 platforms in the UK sector of the North Sea. The association says nine or 10 platforms a year are likely to be decommissioned by 2003.

An inter-departmental committee is drafting a consultation document on new abandonment guidelines that will be published before Easter. But government officials have already given industry representatives a preview of some of the principles likely to be included.

The relatively small plat-

All North Sea oil platforms are

impressive, but some are in a league of their own. The government has told an oil industry conference in London that the decommissioning of concrete gravity platforms, the largest structures ever moved, poses a "special problem". A visiting Norwegian official was more blunt: "What do you do with a 100-tonne piece of concrete?"

Gravity base platforms: sit on top of massive, bell-shaped concrete structures resting on the sea bed. Their vast ballast chambers, some larger than St Paul's cathedral in London, are full of sea water to keep the structure steady.

In theory, they can be emptied and floated. Many offshore engineers say they would not relish such a challenge, but few would wait to watch. The floating would be "a virtually uncontrollable process", said Dr Rax Gaidford, director of projects at Amerasia Hess, the US oil and gas company.

forms in the shallow waters of the southern North Sea will have to be removed. But platforms in the deeper waters of the central North Sea might be topped or only partially dismantled.

In the northern North Sea, the government is relaxing its requirement that the remains of any platform be at least 75 metres below the surface. The new standard will be 55 metres, in line with international recommendations. The Scottish Fishermen's Federation said the relaxation was a "total disaster".

The government has approved abandonment of the Brent Spar offshore storage facility. The disposal site will be at least 200 miles from land and in more than 2,000 metres of water.

## Action on skin creams is explained

By Roderick Oram,  
Consumer Industries Editor

The number of consumers complaining that two of Procter & Gamble's skin creams irritated their eyes is running at one complaint for every 4,000 jars sold in the US.

The rate was only one in 16,000 in Europe, but the two products were withdrawn worldwide on Thursday and will be replaced by a milder version, P&G said.

The withdrawal of a cosmetic was "a very rare event", said Mr Ian Philippon, head of scientific services at the Cosmetics, Toiletries and Perfumery Association in London.

The products are in a category which the US Food and Drug Administration is studying to determine whether they should be regulated as drugs rather than cosmetics. The issue of regulation of "cosmeceuticals", cosmetics with pharmaceutical characteristics, is a growing one for the cosmetics industry.

In P&G's case, however, the two creams have much lower concentrations of hydroxy acids than those products such as acne creams which are attracting close scrutiny.

The two creams withdrawn, Oil of Ulay New Skin Discovery and Max Factor Active Response Creams, are designed to smooth wrinkles by removing dead cells from the skin surface. The active ingredient with a 2 per cent concentration is salicylic acid, a type of hydroxy acid taken from the bark of willow trees.

The creams' packages clearly say users should keep the product out of their eyes. Where it has made contact with eyes, it has caused irritation to some people. P&G said at worst the irritation lasted two or three days with no permanent damage.

## Eurotunnel fails in effort to block duty-free sales

By Charles Batchelor,  
Transport Correspondent

Eurotunnel was defeated yesterday in its legal battle to put an end to duty-free sales on ferries that cross the English Channel and on aircraft.

The High Court in London ruled that the company, which operates Channel tunnel rail services from London to Paris and Brussels, had delayed too long in seeking legal redress.

But the judges did give the company permission to seek leave to challenge the legality of so-called "border cruises", in which day trippers make a return journey simply to make duty-free purchases.

Eurotunnel said it was disappointed at the ruling which had failed to consider "important issues of substance". But all its planning and financial forecasts had been made on the assumption that duty-free sales

would continue until 1999, so the decision would not affect its financial position.

It added that maintaining duty-free sales was the equivalent of a government subsidy worth £100m (£155m) a year to the ferries.

Duty-free sales were to have been abolished in January 1998 with the creation of the single European market. But they were extended to 1999 on the grounds that the member states had failed to harmonise duty rates.

Lord Justice Balcombe said in the High Court: "By no stretch of the imagination can their [Eurotunnel's] application be said to have been made promptly." Eurotunnel had known of plans to extend duty-free sales since 1991, but had failed to act within the three-month time limit.

Eurotunnel is considering whether to renew its

application in the Court of Appeal, but it is barred from taking its complaint to the European Court of Justice.

P&O European Ferries, the largest ferry operator on the Dover-Calais route, said: "We see this as a victory for common sense." The ferries had feared that the loss of duty-free sales would force them to increase ticket prices.

Eurotunnel has duty-free shops at its terminals at Folkestone in England and Calais in France, but it is not allowed to make sales on its 1800-tonne ferries which carry cars and their passengers.

Drivers who stop at the terminals lose the main advantage of travelling through the tunnel, which is speed. Eurotunnel is working on plans to allow travellers to order duty-free goods from a catalogue on their outward journey. They would pick up the goods on their return.

## Welsh constituency's previous Labour MP is now member of European Commission

### Conservatives are humiliated in by-election

By John Mason

The Conservative party faces the prospect of annihilation in Wales following its defeat in the Islwyn by-election. Mr Ron Davies, the opposition Labour party's shadow Welsh secretary, said yesterday.

In one of the Conservative party's worst-ever by-election performances, its candidate Mr Robert Buckland finished in fourth place with just 913 votes - a result which ensured the loss of his deposit. The result was announced early yesterday morning.

The by-election was held because the seat was held by Mr Neil Kinnock, a former leader of the Labour party who left British politics last year to join the European Commission.

Mr Davies said that, with the

Conservatives now holding only six of the 85 Welsh seats in the House of Commons, they would, on the Islwyn performance, be hard pressed to keep a single constituency.

Their last vestige of credibility has been destroyed, Mr Davies said. Conservative MPs yesterday shrugged off the humiliating defeat as the least of the government's current problems. The result was considered of little consequence compared with the party's continued wrangling over the European Union and its drive towards a single currency.

"This result is no surprise. Even losing our deposit was probably to be expected," admitted one Tory backbencher. "With everything

Welsh by-election results

Party	Votes
Conservative	913
Labour	2,000
Liberal Democrat	1,000
Independent	100
Green Party	50
Other	50

else that is going on, nobody is going to be too worried about Islwyn," he said.

Conservative Central Office admitted the result was disappointing but insisted the low turnout, which slumped by almost half to 46 per cent, one of the lowest ever in a south Wales election, indicated a

disillusionment with Labour's "gesture politics".

Mr Toulhig won the traditionally safe Labour seat with just over 16,000 votes - 69 per cent of those cast. He takes over the seat from Mr Neil Kinnock, the former Labour leader. Field Cymru, the party which campaigned for independence for Wales, improved its performance to come second with nearly 13 per cent of the vote and the centrist Liberal Democrats came third with about 11 per cent.

Mr Buckland won just 4 per cent of the vote despite his campaign claims to be the main challenger to Labour. Mr Tony Blair, the Labour leader, hailed another by-election success, saying: "This is another fine victory for Labour. The people of

Wales, like people all over Britain, cannot wait to see the back of the Tories." Although the overall Labour vote fell to 16,030 from 30,903, party managers expressed satisfaction that their share of the vote had held up despite the reduced turnout.

Mr Neville Trotter, north east England's longest-serving current Conservative MP, is to stand down at the next general election. He was re-elected to his Tynemouth constituency in 1992 by a majority of 877 votes, making it one of the government's most marginal seats.

Imminent boundary changes will remove from the constituency a solidly Labour district which includes part of the Meadow Well estate where rioting broke out in 1981.



## Brit Biotech shares fall 99p as trial suspended

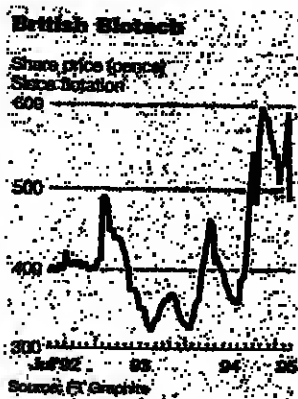
By Tina Burt

One of the UK's leading biotechnology companies yesterday saw more than £70m wiped off its market value after announcing a serious setback in the development of a new cancer treatment.

British Biotech, which dropped two other research programmes last year, said trials involving batimastat – one of its most promising new drugs – had been suspended following “unexpected side effects” among patients.

The shares fell 99p to 401p. Some 40kg of the drug, hailed as the first treatment for incurable ovarian and abdominal cancers, has been recalled by British Biotech, which has spent more than three years developing it.

The problem, thought to have been in organic solvents used to make the drug soluble, has forced the company to postpone further trials until June, when it expects to receive regulatory approval to resume tests.



“We’re confident that we have identified the cause and we’re changing the process,” said Mr James Noble, finance director.

If the shares fail to recover, the company could run into funding problems. It has some £50m in reserves, but it is “burning cash” at a rate of £3m a month and will need fresh capital next year.

It had hoped to raise £87.6m from warrants issued along

with last year’s £48m rights issue. They can be exercised at the end of the year at £25p, 34p above yesterday’s closing price.

Mr Noble pointed out that the shares had fluctuated between 340p and 520p in the past year and the price could be revived by positive news on other drug programmes.

The company also said that batimastat was showing encouraging results in treating malignant pleural effusion, a complication in lung cancer and it had high hopes for leflunomide, its treatment for psoriasis, also in phase three trials.

Some City analysts, however, were more pessimistic. “If the solvent has simply highlighted an underlying problem with batimastat, then that could be very bad news,” said Mr Ian Smith at Lehman Brothers.

Others were more sanguine. Mr Duncan Moore at Morgan Stanley said the market had overreacted given the prospects of Biotech’s other drugs.

See Lex

## Reduced immunity leaves investors nervous

Biotechnology is a risky business, as investors are regularly and uncomfortably reminded.

British Biotech’s news was only the latest blow to a sector that spent much of last year disappointing onlookers rather than inspiring them.

There was a series of disasters late last year, with US companies such as Syngene of Boulder Colorado being forced to abandon their only significant product when clinical trials revealed that they did patients no good.

In such cases the shares fell by 50 per cent or more. For Syngene it was the end. Its remains were bought by Amgen, the world’s biggest biotechnology company.

US investors have taken fright. Biotechnology companies raised more than \$400m (250m) in public offerings in January 1994. The figure for January 1995 was less than \$50m.

Until now the UK has been relatively immune. In recent months the UK’s top three, British Biotech, Celltech and Scotia, which had, until yesterday, a combined market capitalisation of £700m, have seen their share prices rise. British Biotech entered the world’s top

### Daniel Green on the problems of the risky biotechnology sector

10 of biotechnology companies by market capitalisation.

British Biotech argues that it is not in the same kind of trouble as Syngene. Its problem appears to be to do with a new production method for its main drug batimastat, a treatment for various types of cancer. But the difficulties will be a reminder that some of the sector’s problems are self-inflicted.

British Biotech had embarked on a strategy of marketing batimastat as quickly as possible. The company truncated early clinical trials to move rapidly into the final stage, the one that counts for regulatory approval.

At the same time it arranged its funding to be partly dependent upon the speed of progress. In April 1994 the company issued warrants, as part of a rights issue, exercisable in January 1996 to raise up to £48m.

The timing was tight. Warrant holders were going to be able to decide whether or not to exercise the warrants knowing the results of the trials. That is not unlikely.

Most biotechnology compa-

nies face the same problem. They want product sales to bring in cash rather than rights issues. As the chief executive of one company put it: “There is an incredible tendency for companies to short-cut drugs development under financial pressure.”

There may be an alternative. Some managements are seeking to spread their risk by developing more products at once, rather like pharmaceutical companies.

But developing more drugs is expensive, and equity investors are scared to pay for it.

The answer for some has been to sign away marketing rights and equity stakes to drugs companies in return for cash. Others have set up other businesses to generate sales to fund research and development.

In the UK, Celltech has partnerships with Merck of the US and Germany’s Bayer while Scotia has a thriving nutritional business.

British Biotech’s disappointment yesterday may give these lower risk strategies another boost.

## SKB fails to hit promised debt levels

By Daniel Green

SmithKline Beecham has failed to reach the year-end debt and gearing levels it promised last year.

The company will reveal in its annual results on February 23 that the sale of the animal health division was completed too late to be included in 1994’s results.

One City analyst estimated that this would leave it with net debt of £2.6bn, corresponding to gearing of 30 per cent. SmithKline announced the sale of its animal health division to Pfizer, the US drugs company, on November 23. The £1.45bn (\$980m) price would have been enough to cut debt and gearing to within the company’s forecasts of 120 per cent, but the deal was not completed until January 13.

The gearing promise had been made to reassure investors that SmithKline’s acquisitions spree last summer would not cripple it with debt. It had spent \$2.5bn on DFS, a US drugs distributor, and another \$2.9bn on Sterling Health of the US.

## High Court approves sale of Wellcome Trust stake

By Daniel Green

The High Court yesterday gave its blessing to the sale of the 39.5 per cent of Wellcome owned by the Wellcome Trust.

Glaxo, which has launched a hostile £9.2bn bid for Wellcome, said the decision meant “another condition of the offer has been met”.

Wellcome also claimed victory because the High Court forced changes to the terms of the offer. Under the original

terms, the Trust would have unequivocally accepted Glaxo’s offer on February 23. A higher offer between then and the first closing date of March 8 could only have been accepted by the Trust under certain circumstances and only by invoking a withdrawal procedure.

Wellcome said this did not give the maximum opportunity for a higher bid to be made. The new acceptance date for the Trust’s stake is March 8.

See Weekend Money

## EBC shares fall 23p after profit warning

By James Whittington

Shares in EBC Group plunged 23p yesterday to close at 38p, following a profit warning issued at the close of trading on Thursday.

The construction and development group warned it would be cutting the final dividend to 0.5p which would reduce the total from 4p in 1993 to 2.25p.

Profits before tax and exceptional charges – due to be announced on March 28 – were expected

to be down from £281,000 to £250,000.

Kleinwort Benson, the house broker, said EBC had suffered from a lack of commercial property investment in the south west, combined with exceptional charges from its withdrawal from private housing in 1992 and write-downs of assets.

The group said exceptional charges of £5.6m would be made to cover a write-down in the value of land and property assets.

## Rathbone acquires Laurence Keen for a maximum £25m

By Ian Hamilton Fawcett, Northern Correspondent

Rathbone Brothers, the private banking and asset management group, has bought Laurence Keen Holdings, the private investment manager and stockbroker, for an initial £9.9m in new shares.

More shares will be issued over the next three years as deferred consideration, depending on performance. The total will not exceed £25m or the value of 14m new shares, whichever is the lower.

Rathbone’s shares gained 5p yesterday to close at 278p. The acquisition will create

an asset management group with 16,000 clients and £1.7m under discretionary management. The enlarged group will also act in an advisory capacity on another £780m of funds.

The deal has been financed by the issue of nearly 8.8m new shares. More than half have been placed at 265.5p with Calcedonia Investments, the trading and investment group.

This will give the Cayzer family, which controls Calcedonia, slightly more than 8 per cent of the enlarged group – cent of Rathbone’s other ahead shareholders, which include British Coal, British pension funds, Standard Life

and Scottish Widows.

Mr Roy Morris, Rathbone’s managing director, said pre-tax profits for 1994 would be not less than £5m (£5.5m), with a final dividend of at least 6p, bringing the total to 9p (7.5p).

Laurence Keen made £1.02m on turnover of £3.43m in the 50 weeks to April 23 last year.

Mr Morris said the two groups had similar client bases and complementary operations.

Rathbone’s 170 staff are based in Liverpool and the West End of London, with 18 in Geneva and three in the British Virgin Islands. Laurence Keen has 82 staff in the City.

## Cheltenham members to start voting on takeover

By Alison Smith

The 1.2m members of Cheltenham & Gloucester Building Society will next week begin voting on whether to accept the £1.8bn cash offer by Lloyds Bank for the society.

Voting papers will be sent out in the next few days together with copies of the 100-plus page document explaining the board’s reasons for recommending the deal.

Approval would lead to C&G becoming a separate subsidiary of Lloyds, both selling its own mortgage and designing home loans for Lloyds to sell, perhaps as a co-branded product.

It would represent the biggest shake-up in the UK mortgage market since Abbey National became a public limited company in 1989.

In order to proceed, the transaction must be approved by separate resolutions of C&G’s borrowers and investors. C&G’s members can vote in person at a special meeting on March 21, or they can vote by post beforehand.

For the borrowers’ resolution, a simple majority of those voting in favour is enough.

The investors’ resolution, however, must be approved by 75 per cent of those who vote. It must also be approved by at least half of the number of investors eligible to vote, or investors holding 90 per cent of the total balances of those eligible to vote.

C&G says that almost 90 per cent of its investors should be able to receive a share of the cash. The more difficult voting hurdle may be the level of turnout over the next two years.

Voting papers will be accompanied by a C&G advertising campaign, urging members to vote. C&G will not be allowed to reveal information about it before the special meeting, but it will be able to step up its advertising if it looks as though the minimum turnout might not be met.

Some eligible members are disgruntled because the relevant legislation does not enable them to share in the cash hand-out because they do not qualify as long-standing investors.

A pressure group has managed to call another meeting to discuss the plans, but C&G has not yet announced the date, and by the time it takes place many thousands of members could already have voted by proxy.

At the same time as C&G sends the transfer document to members, Lloyds Bank will issue a circular to shareholders, ahead of a meeting on March 30 when they can vote on the bid.

## Lower debt helps Birse reduce loss to £678,000

By Andrew Taylor, Construction Correspondent

Birse Group, the contracting, plant hire and housebuilding company, cut pre-tax losses from £1.4m to £678,000 during the six months to the end of October. Turnover fell 22 per cent decline in turnover to £155.8m, compared with £157.8m.

A reduced net interest charge of £1.23m (£1.98m) reflected the group’s success in lowering net debt to £23.7m (£41.3m) following its capital reconstruction in December 1993.

However gearing was still at 71 per cent. Birse hopes to cut borrowings further by reducing the amount of capital employed in the housing division as properties are sold and through successful pursuit of claims on some outstanding large road contracts.

Mr Peter Birse, chairman, said: “The results for the first half confirm that the effects of the severe recession in the UK construction industry have continued to take their toll on the financial performance of the group. However, evidence is emerging of an upward trend in trading activity arising from the benefits of our more selective tendering approach and improving level of enquiries.”

As a result the decline construction turnover for the full year was likely to be nearer 10 per cent than the 30 per cent fall of the first half.

Plant hire profits more than doubled to £775,000 (£318,000) as crane hire and specialist piling equipment benefited from increased construction activity.

Losses per share were 0.3p (2.1p).

## Pru directors to enter final appeal

By William Lewis and Alison Smith

Mr Mick Newmarch, former chief executive of the Prudential Corporation, and Sir Brian Corby, the life insurer’s non-executive chairman, are to enter into a second and final Stock Exchange appeals procedure following its probe into a share option transaction last October.

Both are to inform the exchange that they intend to appeal to the exchange’s quotations committee in an attempt to fully exonerate themselves of any possible breaches of exchange rules.

The decision to appeal will involve the quotations committee examining the same evidence as was covered by the first appeal to the listing committee. Crucially, however, the quotations committee appeal

will be heard by City of London “market practitioners”, directors and other individuals who work in the City. The only exchange board member on the quotations committee is Mr Ian Slater.

If the appeal is lost, both could receive a public reprimand from the exchange. “That is also likely to be the trigger for Mr Newmarch to speak publicly for the first time since he resigned,” said one adviser.

Mr Newmarch is likely to be highly critical of a range of public institutions including the Treasury and the Securities and Investments Board. He may also criticise the exchange’s handling of the share option deal probe.

“He will go for those bureaucrats who are defending the indefensible self-regulatory regime in order to safeguard

their own personal situations,” an insider said.

It has also emerged that Mr Michael Lawrence, chief executive of the Stock Exchange and former finance director of the Prudential, was forced out of his post at the Pru.

Mr Lawrence left to take up his post at the exchange last year. Before that he was asked to tender his resignation following personality clashes at the company. “He was asked to go,” one insider said. The Pru’s annual report for 1993 shows that Mr Lawrence received a £249,850 “supplementary pension contribution”.

When Mr Newmarch resigned last month the Pru revealed that the exchange was investigating a share option deal he carried out last October. The exchange has stated that Mr Lawrence has not played any role in the investi-

gation because of his former close connection with the Pru.

Mr Newmarch has been anguished by the length of the investigation and various leaks to newspapers. In particular, he strongly denies having said in a meeting with Mr Kenneth Clarke, the Chancellor, before publication of the SIB report that the document would hit the Prudential share price.

Mr Newmarch exercised and sold 208,750 share options just before the report was published, yielding him a profit of £230,000.

The first stage of the appeal process took place this week after a preliminary finding that Mr Newmarch had breached the exchange’s model code covering directors’ dealings. The exchange also believes Sir Brian was wrong to authorise the transaction.

## Rocket sends out shock waves

Northern Electric yesterday fired a rocket which not only appears to have crippled Trafalgar House’s hostile £1.2m offer, but will also cause considerable turmoil in the boardrooms of the other 11 regional electricity companies.

The fact that one rec has managed to restructure its balance sheet so radically while still offering substantial dividend growth over the next two years will not go unnoticed by shareholders.

They are likely to press for similar financial restructuring from the others. “Northern has set the standard in terms of what is an appropriate financial structure for a rec,” says Mr Andrew Wright, electricity analyst with Smith New Court.

Institutions support this view. “It reflects the fact that when the recs were originally floated, they were hugely capitalised,” said one. “And there is no reason why they should continue to be so.”

Most felt that the package unveiled by Mr David Morris, Northern’s chairman, merely accelerated the trend which the utilities would have to follow under an increasingly rigorous regulatory regime.

The companies have long acknowledged that they would be forced to reduce dividend cover and gear up the balance sheet, but had hoped to stretch the process over several years.

Northern’s defence makes that delay less likely. Dividend cover, always expected to fall to about two times by the year

Peggy Hollinger on the repercussions for other recs of Northern Electric’s restructure package



David Morris: set standard for appropriate financial structure

2000, will now drop to about 1.7. Interest cover is expected to hover at around 3.5 times.

Debt as a proportion of shareholders’ funds will jump to 225 per cent in the short term, falling to 100 per cent by the turn of the century.

This is closer to the experience of the US utilities which, supported by secure cashflows,

can live quite comfortably with very high levels of gearing and still pay attractive dividends.

One of the most intriguing aspects of Northern’s defence is the preference offer which has been underwritten for cash at a guaranteed £1 per share.

Never before has a target company in the UK resorted to preference shares as a defence

weapon. Indeed, bonus preference issues have never been underwritten for cash in the UK, according to SG Warburg, Northern’s advisers.

Warburg also claims that it has created value for Northern shareholders which was not there previously, by taking advantage of a new market. Income funds are hungry for prefs they argue, particularly since the instruments have become eligible for personal equity plans.

Corporate financiers are wary of the enthusiasm with which Warburg describes potential interest. “There should be a lot of demand,” said one banker, “but that has yet to be proved. The trouble is they are exploring new territory, when you do that it’s always risky.”

However, the wisdom of underwriting the preference shares could not be disputed. “A lot of the rec shareholders might not be natural pref holders,” the banker said. “Underwriting ensures that they will end up in the right hands.”

The recs for their part are not likely to copy Northern’s extreme tactics unless forced to. However, some seek solace in the fact that Northern appears to have pointed out substantial hidden value in the sector which could lead to a re-rating and make them less vulnerable.

## SBC chief steps down from SFA board

By Norma Cohen and David Wighton

Mr Rudi Bogni, Swiss Bank Corporation’s UK chief executive, has stepped down from the board of the Securities and Futures Authority while it examines the bank’s dealings in electricity shares ahead of Trafalgar House’s bid for Northern Electric.

The SFA said that in a letter dated Feb-

ruary 9, Mr Bogni notified the board that “in view of the specific scrutiny exercised by the SFA in respect of SBC, he considered it proper for him to forgo participating in any meeting or further activity of the SFA board or committees until further notice”. The letter was read to a full board meeting on February 13.

Last weekend Mr Bogni denied that he would consider resigning from the SFA if

it launched a formal investigation into the controversial derivatives contracts SBC struck with its client Trafalgar House.

After agreeing the contracts SBC’s marketmakers sharply increased their holdings in Northern and Yorkshire Electricity, which they did not disclose. The SFA is examining whether SBC breached its rules on Chinese Walls and marketmaker privileges.

## First Choice defends chief’s pay

By David Blackwell

First Choice Holidays, formerly Owners Abroad, yesterday vigorously defended total emoluments of more than £900,000 last year for the chief executive and deputy chairman.

Mr Francis Baron, the chief executive, received a total of £463,000, according to the annual report and accounts. The figure includes a bonus of £140,000 for achieving profit targets.

The group lifted profits before tax and exceptional items by just over 50 per cent to £23.2m on sales of £281.6m at the group, which changed

its name from Owners Abroad last August.

Mr Baron took charge of the group at the end of 1993, shortly after it had issued a profits warning. The warning came hard on the heels of a hostile takeover bid from Airtours, the rival tour operator, which was rebuffed. The chairman and managing director resigned after the warning, and the finance director resigned later.

Mr Enrol Cossey, deputy chairman and sole survivor of the former board, received a total of £450,000 in 1994, up from £282,000 previously. The latest sum includes a one-off pension contribution of

£210,000. Mr Cossey, 51, will retire on April 30.

The group said yesterday that under Mr Baron its market share had grown from a low of 9 per cent to 12 per cent in 1994 and the trend was continuing. “His salary and bonus are in line with his achievement through an extremely taxing time that did risk the continuance of the company.”

Mr Cossey had provided a link back to the previous board through a turbulent phase. Bearing in mind his contribution and his early retirement, it was appropriate to add an additional pension contribution.

## Scholey gives up two outside directorships

By Nicholas Denton

Sir David Scholey has stood down from two outside directorships in order to devote more time to his new role as chairman and chief executive of SG Warburg, the investment bank.

He has resigned as a governor of the BBC, a job he took on in 1994, and as a director of General Electric Company, where he had been since 1992.

The move comes in the wake of Warburg’s failed merger with Morgan Stanley of the US and management changes announced this week. In the shake-up, Lord Cairns resigned as chief executive and Sir David stepped in and combined the role with his existing chairmanship.

“As of last weekend he is full-time chief executive and chairman. That is now the principal focus of his attention,” Warburg said yesterday.

For the time being he retains four outside non-executive roles, including his place on the court of directors of the Bank of England.

## Southern ‘in takeover talks’

By James Whittington

Shares in Southern Business Group closed 6p higher yesterday at 65p as the photographer and vending machines supplier announced that it was in talks that might lead to its takeover.

The announcement was triggered by a 13 per cent rise in its share price on Thursday amid speculation that Danika Business Systems, the acquisi-

tive office equipment group, was a potential bidder.

Mr David McErlain, Southern’s chief executive, would not name the company. He said discussions were at a preliminary stage and no serious offers had been made.

“We’ve had discussions with lots of people over the past year and absolutely nothing new has happened yet.”

Nor would Danika comment

on market rumours, but its shares rose 3p to close at 388p.

Although it is listed in the UK it operates mainly in the US. Since it entered the UK market in 1993 it has acquired a number of private office suppliers.

Analysis said another potential bidder was Alco Standard Corporation, the US paper distributor and office equipment group, which bought Erskine House in 1993.

## RESULTS

		Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividend cover	Total for year	Total last year
		1,468 (153)	0.28 (0.24)	0.15 (0.56)	-	-	-	-	-
Arcom Int'l	Yr to Aug 91	1,468 (153)	0.28 (0.24)	0.15 (0.56)	-	-	-	-	-
Banc	6 mths to Oct 91	153.8 (197.3)	0.88 (1.4)	0.21 (2.1)	3	NI	NI	NI	NI
Baylis Motors	6 mths to Dec 91	- (1)	0.23 (0.32)	5.8 (5.5)	3	Apr 5	3	-	9
Temple Life Sciences	Yr to Sept 90	- (1)	2.4 (1.98)	10.32 (8)	-	-	-	-	-
		Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividend cover	Total for year	Total last year
		371.7 (417.9)	2.97 (2.27)	5.79 (5.38)	5.05	Apr 10	4.9	6.75	6.6
Baring Wilshire	Yr to Dec 91	371.7 (417.9)	2.97 (2.27)	5.79 (5.38)	5.05	Apr 10	4.9	6.75	6.6
City Securities	Yr to Dec 91	140.7 (140.7)	2.08 (2.08)	8.2 (8.2)	-	Apr 13	2.4	9	8.4
Equity Sumner	Yr to Dec 91	185.1 (171.4)	0.57 (0.44)	3.3 (3.2)	2.2*	Nov 30	1.4	3.2	2.4
Legation	Yr to Nov 90	76.9 (76.9)	7.28 (7.03)	2.37 (2.67)	1.4	-	1.4	2.3	2.3
West of Property	Yr to Dec 91	78.8 (106.82)	0.107 (0.108)	1.81 (1.81)	1.8574	Apr 7	1.5735	1.8574	1.5735
*dividends above net income in brackets are for compensation received after financial control. RUSRA already distributed by November 91.									



INTERNATIONAL COMPANIES AND FINANCE

# Banca di Roma to take over BNA for L1,000bn

By Robert Graham in Rome

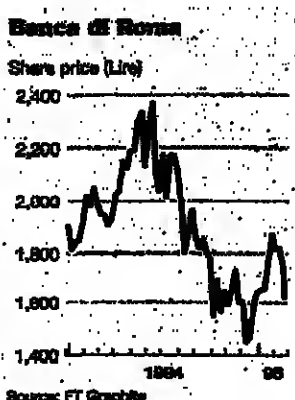
The Banca di Roma group is to take control of the loss-making Banco Nazionale dell'Agricoltura (BNA). The deal will create the largest banking organisation in Italy, with assets and liabilities of more than L1,000,000bn (L118.6bn).

The takeover, agreed late on Thursday, will cost Banca di Roma at least L1,000bn.

The deal marks a further important stage in the consolidation of the Italian banking system, as leading banks expand by taking over smaller financial institutions.

The merged group will strengthen Banca di Roma's hold over banking in central and southern Italy. It follows the conclusion last month of the battle by Credito Italiano, the big Milan bank, to gain control of Credito Romagnolo, the profitable Bologna-based regional bank.

Banca di Roma, which is still 35 per cent owned by IRI, the state holding company, will need Bank of Italy approval for the takeover. The central bank



is expected to be more than happy to see BNA rationalised under new ownership and management.

Banca di Roma - the product of a merger between Banco di Roma, Cassa di Risparmio di Roma and Banco Santo Spirito - has had its eye on BNA for some time.

BNA recently became vulnerable when Count Giovanni Agnelli, the main shareholder, was unable to meet the bank's increasing requirements for

loan writedowns and fresh capital.

Banca di Roma is buying 53 per cent of the ordinary shares and 36 per cent of the savings shares of Bonifiche Sile, which holds 48 per cent of BNA.

It will then make a public offer for the rest of the shares, of which 20 per cent is held by Credito Italiano, the Milan-based bank which once sought to control BNA via a hostile takeover.

Given Credito's cash needs following its takeover of Rolo, it is likely to sell.

The price is based on L36,000 an ordinary share and L7,500 a savings share, a premium of 27 per cent and 47 per cent respectively on the stock market value prior to Thursday's agreement.

Banca di Roma's initial outlay is almost a quarter of that being paid by Credito, although the two institutions are similar in size. However, BNA is understood to have accumulated losses of L2,000bn in 1994, with some L2,000bn of bad loans.

# Fairfax share trade focus shifts to Murdoch

By Nield Tait in Sydney

Heavy trading has continued in the shares of John Fairfax, the Australian newspaper publisher in which Mr Kerry Packer, the Australian businessman, has been actively raising his stake recently.

However, the attention is now shifting to Mr Rupert Murdoch, the Australian media magnate.

By the end of trading yesterday, more than 10m shares had changed hands, and the price had climbed 20 cents to A\$3.01.

Much of the buying, however, was said to be by J.B. Were, rather than E.L. and C. Bailien, the stockbroker which has been dealing on behalf of Mr Packer over the past week.

J.B. Were has acted for Mr Murdoch in the past, so there was immediate speculation that he, too, may be raising his stake in Fairfax.

Mr Murdoch first disclosed a small interest - less than 5 per cent - in Fairfax in July, although this was described as a "passive investment".

Mr Conrad Black, the Canadian publisher, owns a further 25 per cent of Fairfax's shares, but he is pegged at this level by Australia's rules governing foreign ownership of media assets.

The Australian Broadcasting Authority is considering whether Mr Packer's recent purchases have breached the country's media cross-ownership rules.

# Groupe Bull in black as sale nears

By John Riddling in Paris

Groupe Bull, the French computer manufacturer which is being privatised, returned to profit at the operating level in 1994, and is forecasting a positive net result for 1995.

The company, one of the biggest loss-makers in the French public sector over recent years, made an operating profit of FF237m (\$45.7m) in 1994, against a loss of FF1,860m in 1993.

After provisions, the net loss was cut from FF1,810m in 1993 to FF1,950m.

Mr Jean-Marie Descarpentries, chairman, said the improvement reflected the impact of the restructuring implemented when he took over as chairman in autumn

1993. He said the increase in sales last year, by 6 per cent to FF2,620m, the first improvement since 1989, reflected the development of a viable recovery programme rather than a short-term rescue mission based on job cuts and asset sales.

"We did what we said we would in 1994, but there is still much work to be done," Mr Descarpentries said. He said reduced costs and financial charges, the division of the company into specific product and service areas, and reinforced industrial partnerships would allow it to proceed with privatisation in a good condition.

The chairman declined to comment on details of the privatisation, which is being

pursued through the sale of stakes to industry partners. However, five companies on a short-list seeking stakes of more than 10 per cent have until February 23 to make binding offers for Bull shares. The French government is then expected to decide within one month the company's capital structure.

The list includes existing shareholders such as NEC of Japan, Motorola and Sequant of the US, and IPC of Singapore are also among the candidates, while Quadral of France has formed an alliance with AT&T of the US to propose buying at least 40 per cent of the shares.

Several other companies are considering taking stakes of less than 10 per cent. The gov-

ernment is seeking to reduce its 76 per cent stake to a minority, with France Telecom expected to maintain its holding of 17 per cent.

The strongest recovery in Bull's operations was achieved at Zenith Data Systems, the personal computer division, which broke even last summer after a series of big losses. The five other activities classified by Mr Descarpentries as growth areas also reported strong increases.

Non-salary costs were cut by FF1,400m, salary expenses by FF1,100m, and financial costs by FF700m. Productivity rose 20.4 per cent, from a workforce which fell from 31,700 at the end of 1993 to 27,000 at the end of last year. Net debts were halved to FF2,900m.

# Phone inventory build-up hits Motorola share price

By Louise Kehoe in San Francisco

Motorola's share price dropped sharply yesterday when the company revealed that excess inventories of its cellular telephones had built up in US retail channels during the fourth quarter of 1994.

Cellular telephone sales boomed in the US over the busy Christmas period, but Motorola's shipments increased at a rate that out-pace sales.

There are now an estimated 24m cellular telephones in use in the US, and the world market grew by about 50 per cent last year, Motorola said.

The excess stocks "should be gradually reduced to more normal levels over the next few months", the company said. No write-off charges are planned.

Motorola is the world leader in the cellular telephone market. Its "flip phones" have become popular in the US, selling for less than \$100.

Its statement appeared designed to moderate financial analysts' expectations for the company's 1995 performance. The share price popped 3 per cent to trade at \$58 1/4 in mid-session, down from Thursday's close of \$64.

Several financial analysts said yesterday they were reviewing their projections for Motorola's performance in 1995. Mr Robert Meire of Morgan Stanley said he had lowered his earnings-per-share estimate for the first quarter to 75 cents, from 85 cents.

Motorola also said sales and orders for its Motorola Integrated Radio System (MIRS) equipment continued to be weak.

NexTel, which has announced ambitious plans to build a nationwide network of integrated mobile communications services, has slowed its MIRS purchases as it concludes a series of acquisitions.

These "short-term" problems will slow the rate of internal shipments of components, including semiconductors and batteries, to the divisions that produce cellular telephones and MIRS equipment, Motorola said.

The company also repeated that its semiconductor operations anticipated increased costs and start-up inefficiencies as new manufacturing capacity was added this year.

Motorola said it planned to increase capital spending by 86 per cent, to \$4.5bn, this year. This would mean a big rise in depreciation expenses in 1995.

# Ore exporter posts record

By Hugh Carnegie in Stockholm

A turnaround in demand and prices for steel in Europe lifted SSAB, the Swedish steel group privatised in 1992, to a record profit in 1994.

SSAB said pre-tax profit jumped to SKr2,140m (\$291.1m) last year from SKr302m in 1993. "We were able to increase volumes both in the steel business and in the processing and trading operations," said Mr

# Record pre-tax profits at SSAB

Leif Gustafsson, chief executive.

"This, in combination with improved margins in the steel business, is the explanation for the profit improvement."

Sales rose to SKr15.7bn from SKr13.8bn, leading through to a near three-fold rise in operating profits to SKr2.1bn from SKr748m. Sales in the biggest division, the Tumpat steel plate operation, advanced to SKr1.9bn from SKr1.5bn, yielding an operating profit for the

business of SKr1.2bn, compared with SKr407m.

SSAB said steel consumption in western Europe had turned around in 1994 after four years of decline; prices followed in the second half of the year.

This gave SSAB an average 18 per cent increase in prices over 1993.

The annual dividend was raised to SKr10 a share from SKr7 last year. SSAB also announced there would be a 4-for-1 share split in June.

# Aircraft group's change of heart

McDonnell Douglas, the US aircraft manufacturer, has decided against temporary closure of its production line for the MD-11 aircraft, writes Michael Skempinski.

Earlier this month it said it might have to consider stopping production of the three-engine 300-seat aircraft because of an order shortage.

Mr Harry Stonecipher, chief executive, has now ruled out the move.

## COMPANY NEWS: UK

# A warning too far leaves the City in truculent mood

Michael Doherty, chairman of Norcros, the building materials and print and packaging group which issued a profits warning on Thursday, may have disappointed the market one time too many.

Tough competition in the building materials sector is in part responsible for Norcros predicting a pre-tax loss after provisions in the year to March 31, but observers believe that management must take a share of the responsibility.

"It is hard not to conclude that the management is somewhat to blame," said Mr Kevin Cammack, analyst at Smith New Court. He added: "Either Doherty or Alcock [group managing director] will have to carry the can."

The verdict from competitors is equally tough. Mr Alan Bowkett, chief executive of Berrisford International, which bought the Magnet kitchen and joinery business in March, said: "I don't recognise the concerns they are talking about."

On Thursday, Norcros warned that profits before provisions would be \$8m-\$9m below expectations, the final dividend would either be cut or passed, and a further rationalisation programme was being undertaken.

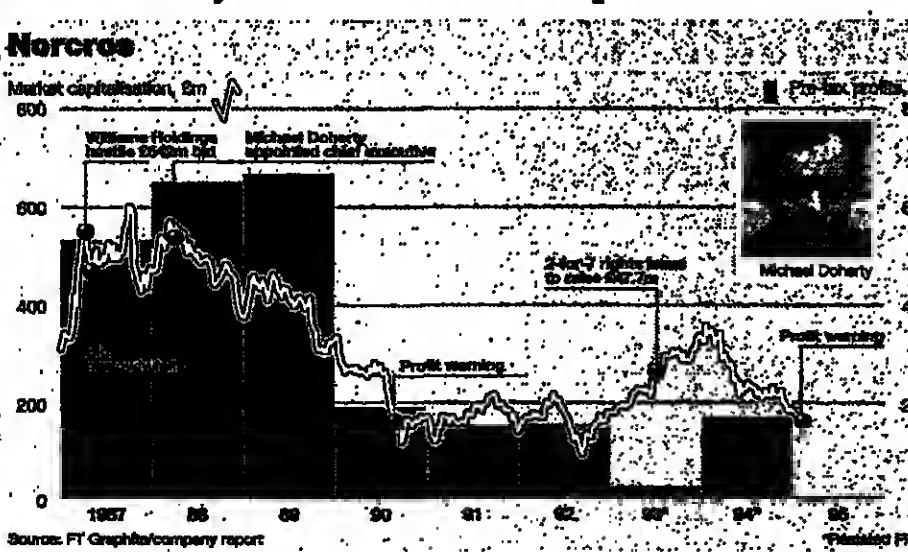
The shares have dropped by 20 per cent to 75p in two days. The major culprit has been the building products division, the group's biggest sector, where there will be "a marked reduction in profitability" from the \$1.5bn that the division made in the first half. Provisions, which will include a property write-down, are expected to be \$10m-\$15m.

Analysts now estimate that Crosby Sarek, maker of timber doors and windows, and the Crittall Windows business will make a loss of \$5m between them. Mr Robin Hardy, analyst at Panmure Gordon, claimed: "There are a whole series of huge holes in the division."

It is the reasons given for the division's troubles that have called management credibility into question. Mr Doherty put most of the blame on large rises in raw material costs. Timber prices over the last year had increased by between 20 per cent and 40 per cent, he said.

But some of Norcros' com-

petitors claim not to have been affected so badly by raw material costs. Mr Bowkett of Berrisford puts the annual increase at between 4 and 8 per cent. Spring Ram, the kitchen bathrooms and furniture group, says the figure is below 10 per cent.



petitors claim not to have been affected so badly by raw material costs. Mr Bowkett of Berrisford puts the annual increase at between 4 and 8 per cent. Spring Ram, the kitchen bathrooms and furniture group, says the figure is below 10 per cent.

Mr Howard Seymour, analyst at BZW, said: "It does look like Norcros' costs have increased more than other companies." Mr Michael Towers, finance director at Spring Ram, says that raw material costs reflect management expertise and the strength of the balance sheet. "If you are on top of distribution, alert to market conditions and have a balance sheet that gives you the flexibility to go into the market at the times you want to, then you can manage raw material costs."

Norcros currently has gearing of 50 per cent.

Competitors agree with Norcros that the door market has had overcapacity of up to 20 per cent since Spring Ram opened a new Regency Doors plant at Barnsley in November. But according to Mr Bowkett, Magnet's door factory in Penrith is operating flat out.

Observers question the group's optimism at the beginning of the year when it said the building materials market

was recovering well. Even at the interlun in November the group said that Crosby Sarek "continued to benefit from the improvement in the new housing market." Mr Cammack said: "It smacks of complacency management. They have not acted quickly enough to address the issue of costs and were relying on the market to bail them out."

The group's past history of raising false expectations encourages speculation of management changes. Mr Doherty joined the group as chief executive in 1989 from Cope Allman International, the amusement machine, packaging and engineering group.

A restructuring plan, including the disposal of non-core businesses was soon launched, but had to be revised after a slump in profits in 1989 and 1990 forced the group into heavy redundancies and cost-cutting.

By 1992 Mr Doherty was confident that the restructuring was completed and the group could resume growth again. In June 1993 it raised \$40.7m, in a two-for-seven rights issue at 132p to reduce debt and finance bolt-on acquisitions. But the problems have not disappeared.

So what now? Mr Doherty admits that the group is considering a number of disposals

but declines to specify. Severe action is expected at Crosby Sarek where the commodity door business could be discontinued.

Analysts do not rule out a sale or closure of the whole company, although Mr Alcock points out that the specialist and architectural door businesses, which account for nearly half of sales, are doing well. Crittall Windows will also be a candidate for disposal.

In the longer term, some analysts believe that the group will change its emphasis from the building products division to the ceramics and print and packaging divisions, which it is keen to stress as performing well.

In the meantime the management has pressing problems. Mr Malcolm Brown, analyst at James Capel, estimates that gearing will rise to 60-70 per cent and the company might be forced into a rights issue.

Mr Alcock rejects this, saying: "I don't think a rights issue would be appropriate at this time. We can improve earnings significantly from the businesses we already have." But if the group does go to the market for more capital, the board could find that shareholders demand one of their heads as a price.

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COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS  
Squeeze  
fears buoy  
cocoa

Fears of a repeat of the supply squeeze that attended the expiry of the December futures position buoyed cocoa prices at the London Commodity Exchange this week.

The May delivery contract peaked on Tuesday at £1,043 a tonne, the highest second position level since August 30, 1994, and the premium for the prompt March contract widened at one time to 213 a tonne. The price slipped back to £1,022 at yesterday's close, still £15 up on the week, while the March-to-May premium narrowed to £10.

At the end of last week the March contract had been at a £1 discount to May, but even that bore witness to fears of a renewed squeeze. In normal circumstances the prompt contract would be expected to be at a discount to the second and £200 a tonne, reflecting the holding costs - warehousing, insurance and foreign interest - being avoided by holders of forward positions.

When there is a shortage of supplies available for immediate delivery this position can be reversed but this is clearly not the case in the cocoa market at present.

"There is a huge amount of tenderable cocoa available that is graded and available to be delivered," one trader told the Reuters news agency. "The only problem is that [that] particular cocoa is already owned." Others explained that the supply fears resulted from two US trade houses holding cocoa off the market, forcing others into a scramble to secure deliveries.

**LME WAREHOUSE STOCKS**  
(as at Thursday's close)

Aluminium	15,100 to 1,468,700
Aluminium alloy	300 to 30,140
Copper	4,500 to 280,000
Lead	4,000 to 134,700
Nickel	1,000 to 134,700
Zinc	7,000 to 1,127,200
Tin	100 to 25,000

Zinc concluded the week's business in fine style, the three months price gaining £24.50 yesterday to close at £1,058.50 a tonne, up £12.25 overall. Dealers attributed yesterday's rise to news of another big fall in LME warehouse stocks against a background of healthy consumer demand. LME zinc stocks have now fallen by just over 50,000 tonnes, or 4.25 per cent, since the end of January.

**WEEKLY PRICE CHANGES**

Commodity	Unit	Change	Year	High	Low
Gold per troy oz.	\$378.40	1.80	377.50	386.50	368.50
Silver per troy oz.	30.15	-0.05	30.20	31.00	29.50
Aluminium 99.7% (cash)	\$1,025.00	15.00	1,010.00	1,100.00	950.00
Copper 99.95% (cash)	\$2,880.00	-5.00	2,885.00	3,050.00	2,710.00
Lead (cash)	\$975.00	-1.00	975.00	1,000.00	940.00
Nickel (cash)	\$1,020.00	-10.00	1,030.00	1,100.00	950.00
Zinc (cash)	\$1,058.50	12.25	1,046.25	1,100.00	950.00
Cocoa futures May	\$1,043.00	15.00	1,028.00	1,100.00	950.00
Cocoa futures March	\$1,022.00	15.00	1,007.00	1,080.00	950.00
Cocoa futures Jan	\$1,007.00	15.00	992.00	1,060.00	950.00
Cocoa futures Dec	\$992.00	15.00	977.00	1,040.00	950.00
Cocoa futures Nov	\$977.00	15.00	962.00	1,020.00	950.00
Cocoa futures Oct	\$962.00	15.00	947.00	1,000.00	950.00
Cocoa futures Sep	\$947.00	15.00	932.00	990.00	950.00
Cocoa futures Aug	\$932.00	15.00	917.00	970.00	950.00
Cocoa futures Jul	\$917.00	15.00	902.00	950.00	950.00
Cocoa futures Jun	\$902.00	15.00	887.00	930.00	950.00
Cocoa futures May	\$887.00	15.00	872.00	910.00	950.00
Cocoa futures Apr	\$872.00	15.00	857.00	890.00	950.00
Cocoa futures Mar	\$857.00	15.00	842.00	870.00	950.00
Cocoa futures Feb	\$842.00	15.00	827.00	850.00	950.00
Cocoa futures Jan	\$827.00	15.00	812.00	830.00	950.00
Cocoa futures Dec	\$812.00	15.00	797.00	810.00	950.00
Cocoa futures Nov	\$797.00	15.00	782.00	790.00	950.00
Cocoa futures Oct	\$782.00	15.00	767.00	770.00	950.00
Cocoa futures Sep	\$767.00	15.00	752.00	750.00	950.00
Cocoa futures Aug	\$752.00	15.00	737.00	730.00	950.00
Cocoa futures Jul	\$737.00	15.00	722.00	710.00	950.00
Cocoa futures Jun	\$722.00	15.00	707.00	690.00	950.00
Cocoa futures May	\$707.00	15.00	692.00	670.00	950.00
Cocoa futures Apr	\$692.00	15.00	677.00	650.00	950.00
Cocoa futures Mar	\$677.00	15.00	662.00	630.00	950.00
Cocoa futures Feb	\$662.00	15.00	647.00	610.00	950.00
Cocoa futures Jan	\$647.00	15.00	632.00	590.00	950.00
Cocoa futures Dec	\$632.00	15.00	617.00	570.00	950.00
Cocoa futures Nov	\$617.00	15.00	602.00	550.00	950.00
Cocoa futures Oct	\$602.00	15.00	587.00	530.00	950.00
Cocoa futures Sep	\$587.00	15.00	572.00	510.00	950.00
Cocoa futures Aug	\$572.00	15.00	557.00	490.00	950.00
Cocoa futures Jul	\$557.00	15.00	542.00	470.00	950.00
Cocoa futures Jun	\$542.00	15.00	527.00	450.00	950.00
Cocoa futures May	\$527.00	15.00	512.00	430.00	950.00
Cocoa futures Apr	\$512.00	15.00	497.00	410.00	950.00
Cocoa futures Mar	\$497.00	15.00	482.00	390.00	950.00
Cocoa futures Feb	\$482.00	15.00	467.00	370.00	950.00
Cocoa futures Jan	\$467.00	15.00	452.00	350.00	950.00
Cocoa futures Dec	\$452.00	15.00	437.00	330.00	950.00
Cocoa futures Nov	\$437.00	15.00	422.00	310.00	950.00
Cocoa futures Oct	\$422.00	15.00	407.00	290.00	950.00
Cocoa futures Sep	\$407.00	15.00	392.00	270.00	950.00
Cocoa futures Aug	\$392.00	15.00	377.00	250.00	950.00
Cocoa futures Jul	\$377.00	15.00	362.00	230.00	950.00
Cocoa futures Jun	\$362.00	15.00	347.00	210.00	950.00
Cocoa futures May	\$347.00	15.00	332.00	190.00	950.00
Cocoa futures Apr	\$332.00	15.00	317.00	170.00	950.00
Cocoa futures Mar	\$317.00	15.00	302.00	150.00	950.00
Cocoa futures Feb	\$302.00	15.00	287.00	130.00	950.00
Cocoa futures Jan	\$287.00	15.00	272.00	110.00	950.00
Cocoa futures Dec	\$272.00	15.00	257.00	90.00	950.00
Cocoa futures Nov	\$257.00	15.00	242.00	70.00	950.00
Cocoa futures Oct	\$242.00	15.00	227.00	50.00	950.00
Cocoa futures Sep	\$227.00	15.00	212.00	30.00	950.00
Cocoa futures Aug	\$212.00	15.00	197.00	10.00	950.00
Cocoa futures Jul	\$197.00	15.00	182.00	-	950.00
Cocoa futures Jun	\$182.00	15.00	167.00	-	950.00
Cocoa futures May	\$167.00	15.00	152.00	-	950.00
Cocoa futures Apr	\$152.00	15.00	137.00	-	950.00
Cocoa futures Mar	\$137.00	15.00	122.00	-	950.00
Cocoa futures Feb	\$122.00	15.00	107.00	-	950.00
Cocoa futures Jan	\$107.00	15.00	92.00	-	950.00
Cocoa futures Dec	\$92.00	15.00	77.00	-	950.00
Cocoa futures Nov	\$77.00	15.00	62.00	-	950.00
Cocoa futures Oct	\$62.00	15.00	47.00	-	950.00
Cocoa futures Sep	\$47.00	15.00	32.00	-	950.00
Cocoa futures Aug	\$32.00	15.00	17.00	-	950.00
Cocoa futures Jul	\$17.00	15.00	2.00	-	950.00
Cocoa futures Jun	\$2.00	15.00	-	-	950.00
Cocoa futures May	\$-	15.00	-	-	950.00
Cocoa futures Apr	\$-	15.00	-	-	950.00
Cocoa futures Mar	\$-	15.00	-	-	950.00
Cocoa futures Feb	\$-	15.00	-	-	950.00
Cocoa futures Jan	\$-	15.00	-	-	950.00
Cocoa futures Dec	\$-	15.00	-	-	950.00
Cocoa futures Nov	\$-	15.00	-	-	950.00
Cocoa futures Oct	\$-	15.00	-	-	950.00
Cocoa futures Sep	\$-	15.00	-	-	950.00
Cocoa futures Aug	\$-	15.00	-	-	950.00
Cocoa futures Jul	\$-	15.00	-	-	950.00
Cocoa futures Jun	\$-	15.00	-	-	950.00
Cocoa futures May	\$-	15.00	-	-	950.00
Cocoa futures Apr	\$-	15.00	-	-	950.00
Cocoa futures Mar	\$-	15.00	-	-	950.00
Cocoa futures Feb	\$-	15.00	-	-	950.00
Cocoa futures Jan	\$-	15.00	-	-	950.00
Cocoa futures Dec	\$-	15.00	-	-	950.00
Cocoa futures Nov	\$-	15.00	-	-	950.00
Cocoa futures Oct	\$-	15.00	-	-	950.00
Cocoa futures Sep	\$-	15.00	-	-	950.00
Cocoa futures Aug	\$-	15.00	-	-	950.00
Cocoa futures Jul	\$-	15.00	-	-	950.00
Cocoa futures Jun	\$-	15.00	-	-	950.00
Cocoa futures May	\$-	15.00	-	-	950.00
Cocoa futures Apr	\$-	15.00	-	-	950.00
Cocoa futures Mar	\$-	15.00	-	-	950.00
Cocoa futures Feb	\$-	15.00	-	-	950.00
Cocoa futures Jan	\$-	15.00	-	-	950.00
Cocoa futures Dec	\$-	15.00	-	-	950.00
Cocoa futures Nov	\$-	15.00	-	-	950.00
Cocoa futures Oct	\$-	15.00	-	-	950.00
Cocoa futures Sep	\$-	15.00	-	-	950.00
Cocoa futures Aug	\$-	15.00	-	-	950.00
Cocoa futures Jul	\$-	15.00	-	-	950.00
Cocoa futures Jun	\$-	15.00	-	-	950.00
Cocoa futures May	\$-	15.00	-	-	950.00
Cocoa futures Apr	\$-	15.00	-	-	950.00
Cocoa futures Mar	\$-	15.00	-	-	950.00
Cocoa futures Feb	\$-	15.00	-	-	950.00
Cocoa futures Jan	\$-	15.00	-	-	950.00
Cocoa futures Dec	\$-	15.00	-	-	950.00
Cocoa futures Nov	\$-	15.00	-	-	950.00
Cocoa futures Oct	\$-	15.00	-	-	950.00
Cocoa futures Sep	\$-	15.00	-	-	950.00
Cocoa futures Aug	\$-	15.00	-	-	950.00
Cocoa futures Jul	\$-	15.00	-	-	950.00
Cocoa futures Jun	\$-	15.00	-	-	950.00
Cocoa futures May	\$-	15.00	-	-	950.00
Cocoa futures Apr	\$-	15.00	-	-	950.00
Cocoa futures Mar	\$-	15.00	-	-	950.00
Cocoa futures Feb	\$-	15.00	-	-	950.00
Cocoa futures Jan	\$-	15.00	-	-	950.00
Cocoa futures Dec	\$-	15.00	-	-	950.00
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Cocoa futures Sep	\$-	15.00	-	-	950.00
Cocoa futures Aug	\$-	15.00	-	-	950.00
Cocoa futures Jul	\$-	15.00	-	-	950.00
Cocoa futures Jun	\$-	15.00	-	-	950.00
Cocoa futures May	\$-	15.00	-	-	950.00
Cocoa futures Apr	\$-	15.00	-	-	950.00
Cocoa futures Mar	\$-	15.00	-	-	950.00
Cocoa futures Feb	\$-	15.00	-	-	950.00
Cocoa futures Jan	\$-	15.00	-	-	950.00
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Cocoa futures Jul	\$-	15.00	-	-	950.00
Cocoa futures Jun	\$-	15.00	-	-	950.00
Cocoa futures May	\$-	15.00	-	-	950.00
Cocoa futures Apr	\$-	15.00	-	-	950.00
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Cocoa futures Oct	\$-	15.00	-	-	950.00
Cocoa futures Sep	\$-	15.00	-	-	950.00
Cocoa futures Aug	\$-	15.00	-	-	95



## FINANCIAL TIMES

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Weekend February 18/February 19 1995

## Yet another last fling

Less than a month ago, there was a growing conviction in the markets that 1995 would be the year in which US equities tumbled and the dollar finally revived. This week the Dow Jones industrial average confirmed this view by coming within an ace of the high-water mark of 4,000, while the dollar sank back to its lowest level since last November.

In the midst of Mexico's financial crisis, the US currency has conspicuously failed to exhibit its traditional qualities as a safe haven, and the investment clock has, in effect, been turned back to the unresolved questions of 1994. Why have US equities proved immune to the collapse of the bond market and the rise in short-term interest rates? And why, on most measures of purchasing power, does the dollar stay so consistently undervalued?

There is nothing new in the phenomenon of puzzling and persistent over- or undervaluation. Between 1981 and 1984 the dollar rose inexorably, in defiance of orthodox opinion. The production of theories to explain the dollar's failure to collapse became a thriving industry. Few recognised the point at which the dollar peaked in 1985, although the Group of Seven finance ministers later claimed to have turned the tide with the Plaza Accord. Yet the dollar had turned six months before. Similarly in the second half of the 1980s the Tokyo stock market rose inexorably, in defiance of all normal yardsticks. The brooding fraternity's response was to adjust its methods of assessing the valuation of equities. No matter how much higher the Nikkei index rose, mainstream opinion seized on one technical explanation after another to justify the new level.

Those who regarded Japanese equities as absurdly expensive watched in awe as they became yet more absurdly so. Since the Tokyo market started its free fall at the end of 1989, it has been the turn of the yen to defy the forecasters with its persistent overvaluation through the recession.

### High levels

If Wall Street looks overvalued today, it is not on the scale of the Tokyo bubble of the 1980s. But whether on the basis of price-earnings multiples, dividend yields or net worth, US equities are at historically high levels. Bulls of Wall Street nonetheless argue that corporate profits are on a long-run rising trend. With inflation low, they find the present level of dividends and price-earnings multiples tolerable.

Yet a comparison with the high-growth, low-inflation 1960s shows that dividends then were much higher. There were also sharp corrections, despite the long run

upward trend in earnings. An investor who bought US equities at their peak in 1985 had to wait 10 years to see real value return. In all these cases of persistent overvaluation, short-term liquidity and long-term portfolio adjustments invariably play a vital part. The rise in the dollar in 1981 coincided with the abrupt end of US bank lending to Third World countries and a period when dollar assets looked remarkably cheap to foreign portfolio capital. The Japanese bubble reflected excessively lax monetary policy. The present buoyancy on Wall Street owes much to the earlier loosening of US Federal Reserve policy when the Fed was trying to prop up the banking system. It also reflects a big and related inflow of money into mutual funds.

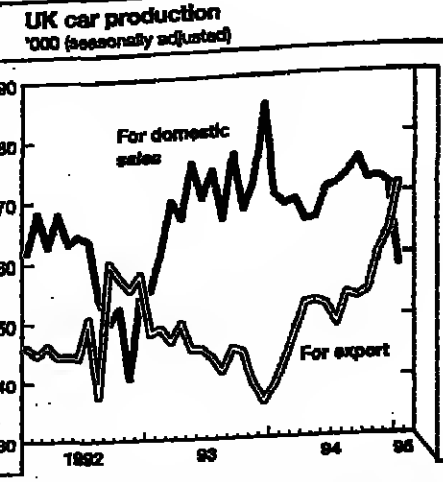
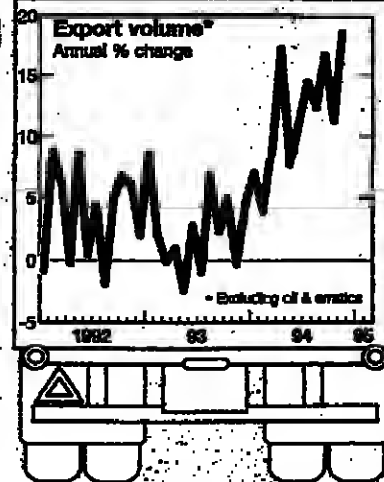
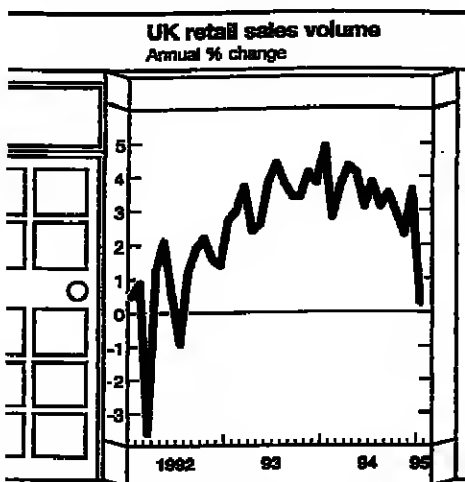
### Crucial factor

But psychology is also a crucial factor. When private investors buy equities, the risk they run is the loss of their wealth. When professional fund managers buy equities, their biggest risk is underperformance relative to their peer group. It follows that private investors are most at risk when they are fully invested, while fund managers are most vulnerable when they are not. That is why the brooding fraternity constantly serves up new explanations to justify the high level of an overvalued market. It reassures professional investors.

The significance of this different approach to risk for today's market lies in the changing composition of the US citizen's portfolio. In 1988, individual Americans held more than 50 per cent of their assets in equities, while their holdings in the budding mutual fund industry were insignificant. Today US individuals hold direct equity holdings are down to 34 per cent, while mutual fund holdings have risen to more than 17 per cent.

In fact, if direct private holdings and mutual fund holdings are put together the individual exposure to equities and bonds is much the same today as in the early 1970s. But it may be that the change in composition means that the money is less disposed to quit the market in the absence of a big shock, because more of it is professionally managed. If Wall Street was cheerful this week, it was because the economic data carried a hint that the economy was slowing, so implying that the Fed might impose a curb inflation. Yet the evidence to date remains slender. Monetary policy holds the key to the timing and extent of any correction, whether on Wall Street or in the currency markets. Neither overvaluation nor undervaluation lasts for ever.

### UK economy: split in two



After a year in which the UK economy outperformed even the most optimistic expectations, it seems to be reverting to type. Growth is weakening, inflation is edging higher and the pound has been feeling fragile.

These symptoms are depressingly familiar, but the diagnosis is not. In the past, Britain's relatively poor economic performance has been blamed on its consumers' unhealthy predilection for spending, combined with an inability to compete effectively in overseas markets. But now, more by accident than design, the UK boasts a textbook, export-led recovery in which high street spending is unusually subdued.

A series of official statistics demonstrated last week that even this virtuous conjunction is not without its drawbacks. The UK now has two economies, one reliant on exports and the other on domestic spending.

The first is in danger of overheating as it struggles to cope with increasing demand from overseas. The second is flirting with a return to recession, as home consumers remain tight-fisted.

The dilemma for the Treasury and the Bank of England is that the cure for the former may kill the latter. As Mr Geoffrey Hicks, economist at NatWest Markets, National Westminster Bank's investment arm, notes: "Consumers seem to be punished in direct proportion to the success of exports." The car industry epitomises this tale of two economies. Almost 120,000 passenger cars were built in the UK last month, 20 per cent more than in January 1994. Over that period, production for export almost doubled, while production for the home market fell by almost a fifth. The machine tool industry shows a similar pattern. Home sales totalled £51.6m in December, down from £54.4m a year earlier. Export sales, meanwhile, more than dou-

Medicine for UK exporters may be poison for domestic industry, says Robert Chote

## A tale of two economies

bled from £18.2m to £41.4m.

Signs of overheating are already evident in parts of manufacturing, which exports about a third of its output. Manufacturers raised prices by 0.9 per cent in January, lifting the annual rate of factory gate inflation to an 11-month high of 3.4 per cent. This was in large part a response to the biggest annual rise in their fuel and raw material costs for a decade, itself a by-product of the strengthening world recovery which is boosting exports.

As manufacturers find it increasingly difficult to keep up with demand for their products, so they find it easier to charge customers more. The proportion of manufacturers saying they have insufficient capacity exceeds the 10-year average and is the highest in Europe. They also took on 37,000 employees between October and December, the most for at least 17 years.

Direct evidence of inflationary pressure in industry is also mounting. Companies are taking longer to fulfil orders and are raising the prices they charge to customers in other industries. And price increases are no longer confined to those sectors most exposed to commodity prices, but extend to consumer-sensitive sectors such as food

processing and paint manufacture. Until the middle of last year, higher raw material costs were offset by a fall in the amount spent on wages and salaries to produce each unit of output. But unit labour costs in manufacturing have since picked up, rising at an annualised rate of nearly 6 per cent between the third and fourth quarters of 1994. With average factory earnings increasing by an underlying 5 per cent a year, labour costs should continue accelerating, pushing prices even higher.

Such signs of inflationary pressure in industry have already helped prompt the three half-point rises in UK interest rates since September. However, it is not rising prices in manufacturing that the Treasury and the Bank are concerned with, but their eventual impact in the shops. The government is aiming for underlying retail price inflation - excluding mortgage interest payments - of 1 to 2.5 per cent in spring 1997.

There are already signs that cost and price pressures in industry are filtering through to the high street. Headline retail price inflation picked up from 2.9 per cent in December to 3.3 per cent last

month, in part because retailers offered fewer and less generous discounts in this year's January sales than they did in 1994. But it is not yet clear that shoppers are becoming any less assiduous in their pursuit of bargains. The evidence last week was mixed. Retailers cut household goods prices by 2.1 per cent in January, less than in 1994 - but the volume of household goods sold still rose in the month, in contrast, a 4.6 per cent cut in clothing and footwear prices - again less generous than last year's - prompted a fall in sales of 1.7 per cent over the month.

Overall, however, it is apparent that high street spending growth has slowed sharply in recent months, which may prevent price rises from sticking. Seasonally adjusted sales in the three months to January were only 0.1 per cent up on the previous three months, the smallest increase since economic recovery began in 1992. But the Treasury and the Bank know that they cannot rely on bargain-conscious consumers to man the barricades against inflation for ever. The minutes of the December 28 meeting between the chancellor of the exchequer and governor of the Bank warned that "export-led

growth was not necessarily less inflationary than growth generated by domestic demand".

The Bank is nonetheless quietly satisfied at the way in which growth in the economy as a whole is slowing, believing that this will help to keep inflation low. The non-oil economy expanded in the fourth quarter at a rate of 2.8 per cent a year, only slightly higher than that sustained in the past without pushing up the rate of price increases.

The markets remain sensitive to every new statistic, however. Monday's news of the jump in factory gate prices fuelled fears of inflation. But these melted away two days later, after the fall in retail sales. The textbook solution to the divided economy would be a rise in the pound. This would subvert exports by making UK goods less attractive in overseas markets, but would have only a modest impact on domestic spending. But there is little sign of this happening spontaneously at a time when sterling is being undermined by the government's political weakness.

Higher interest rates would normally push the pound higher, albeit with the side-effect of further depressing consumer spending and the housing market. But raising rates might push the currency down rather than up by adding to the Conservatives' unpopularity.

"In that respect, there are many similarities between where we are now and where we were before Black Wednesday," says Mr Kevin Gardiner, UK economist at Morgan Stanley, the US investment bank.

So the policymakers' dilemma is acute. Higher interest rates are their only practical policy response to inflationary pressure, but this might widen the gap between the two economies, rather than closing it. The most likely strategy is perhaps one of masterly inactivity, combined with a few prayers for the fortunes of the pound.

## Home and away results

Chris Tighe contrasts the experiences of two manufacturers

Crabtree Group and Tor Coatings, two small manufacturing companies, are located within a few miles of one another in north-east England. But their differing experiences illustrate the degree to which the UK now has two economies. The travails of the UK marketplace are of little consequence for Gateshead-based Crabtree Group, which claims to be the world's largest manufacturer of metal decorating presses.

With 95 per cent of its output exported to 35 countries, predominantly in the Far East and South America, Crabtree is much more heavily influenced by the rate of economic development in China and Brazil than in the UK.

While the Gateshead company's labour overheads are lower than those of its main competitors in Germany and Japan, its prices are higher. Yet the orders keep coming. This, says Mr Matt Cooper, chief executive, is because Crabtree's machines are technologically superior - an edge which commands a premium.

Last year Crabtree made profits of £4.1m on turnover of £38.8m. Turnover this year will be around £32m. To keep up with demand, some employees work between 10 and 15 hours a week overtime. Because it is working near capacity, Crabtree is considering a £500,000 extension to house more press lines. Tor Coatings, a nearby industrial coatings producer, is, by contrast, entirely dependent on the UK for its £6.7m turnover. Founded in 1976 by Mr Guy Readman, chairman and managing director, Tor is profitable. But it has had to respond quickly to

some disadvantages trends.

Ten years ago, household paints accounted for a third of turnover. But over the last two years it has phased these lines out, in response to the growth of retail sheds offering discounted prices to bargain-hungry UK customers.

"Nobody other than giants can make money in the domestic retail paint market nowadays," says Mr Readman.

Tor is still in another fiercely competitive market - industrial

coatings. In the past four months, raw materials costs have risen 24 per cent, but it has proved impossible to pass on such increases to customers.

Mr Readman is optimistic that cost pressures will ease. Eventually, he says, the least efficient producers fade out. But in the meantime everybody is squeezed.

More than half Tor's current turnover is from specialist decorative coatings for public areas and the hygiene-sensitive food and drink industry. It also makes specialist coatings for other manufacturers to their own, carefully guarded, specifications. In such niche markets, a relatively small company like Tor is less vulnerable to competitive pricing pressures.

### MAN IN THE NEWS: Jimmy Knapp

## The thorn in Microsoft's side

Although Judge Stanley Sporkin doesn't seem to know the difference between bits and bytes, he has become the central figure in a legal drama that has rocked the world computer industry over the past week.

On Tuesday, the federal judge rejected Microsoft's proposed antitrust settlement agreed with the US Justice Department, raising the possibility of a renewed legal challenge to the company's dominance in personal computer software.

He has also raised tough questions about the willingness or ability of US regulators to enforce competition laws on a company that is an icon of American enterprise.

Within the personal computer industry, however, the 62-year-old judge has become something of a hero. He is seen as a champion of efforts to end Microsoft's alleged "bully tactics", which many industry executives claim are anticompetitive.

Even Microsoft's critics acknowledge - with a smile - that the company was unlucky in drawing this judge. "Most judges would have simply rubber-stamped the settlement," says one industry lawyer.

Outspoken and independent, Judge Sporkin insists on digging down to the roots of every case. Appointed to the district court by President Ronald Reagan, Sporkin was chief counsel for the Central Intelligence Agency from 1981-86. Before that, he was chief enforcement officer for the Securities and Exchange Commission in the 1970s, where he made his mark as a strict regulator who frequently antagonised businesses.

Over the years, Sporkin has earned a reputation for setting his own rules. In 1991, for example, he

blocked a \$1.2m settlement of damages caused by the Exxon Valdez oil spill in Alaska on the grounds that it would not adequately compensate Alaskan natives.

Microsoft's tangle with antitrust authorities began in 1980 when the Federal Trade Commission opened an investigation into complaints about the company's business practices. Officials interviewed dozens of industry executives and dug through more than 1m pages of Microsoft documents. But in August 1983, the commission voted to drop the case after twice reaching deadlock over whether to take action.

In an unusual move, the Justice Department's antitrust division, headed by Anne Bingaman, reopened the Microsoft case on the same day. There were rumours that the department would force a break-up of Microsoft, or impose harsh sanctions. Yet last July, Ms Bingaman announced that Microsoft had agreed a settlement with out admitting wrongdoing - on terms that shocked software industry executives, who had provided evidence of Microsoft's allegedly anticompetitive tactics.

The central theme of the allegations was that Microsoft used its dominance in the PC operating system market to gain unfair advantage in other sectors of the software business. Yet the settlement only required changes to the agreements Microsoft imposed on PC manufacturers and third-party software developers. Disillusioned industry executives said that Microsoft had "escaped with a corporate slap on the wrist". Some said privately that they feared retribution from Microsoft for their collaboration with government officials.

The only hurdle left for the company was the requirement under US



antitrust laws to have the settlement approved by a federal judge to determine that it was in the public interest - which brought Judge Sporkin on to the scene.

At its first meeting with Sporkin, Microsoft seemed to get off on the wrong foot. The judge apparently told the company's lawyers that he was reading *Hard Drive*, an unfattering biography of Bill Gates, Microsoft chairman. The book, written by two Seattle newspaper reporters, contains accusations of anticompetitive behaviour by the company.

In hearings over the past few months, Sporkin has bluntly questioned why Microsoft is not facing wider charges. In particular, he has picked up on the issue of "payware", an industry term for products that are announced long before they are ready. Microsoft is alleged to have announced such products repeatedly to blunt sales of competitors' products. The judge enraged Justice Depart-

ment and Microsoft lawyers by accepting input from outside parties - some unnamed - even after the normal two-month public comment period was over. Microsoft complained that the court should not be "the functional equivalent of the Spanish Inquisition, in which defendants were denied any ability to confront their hooded accusers".

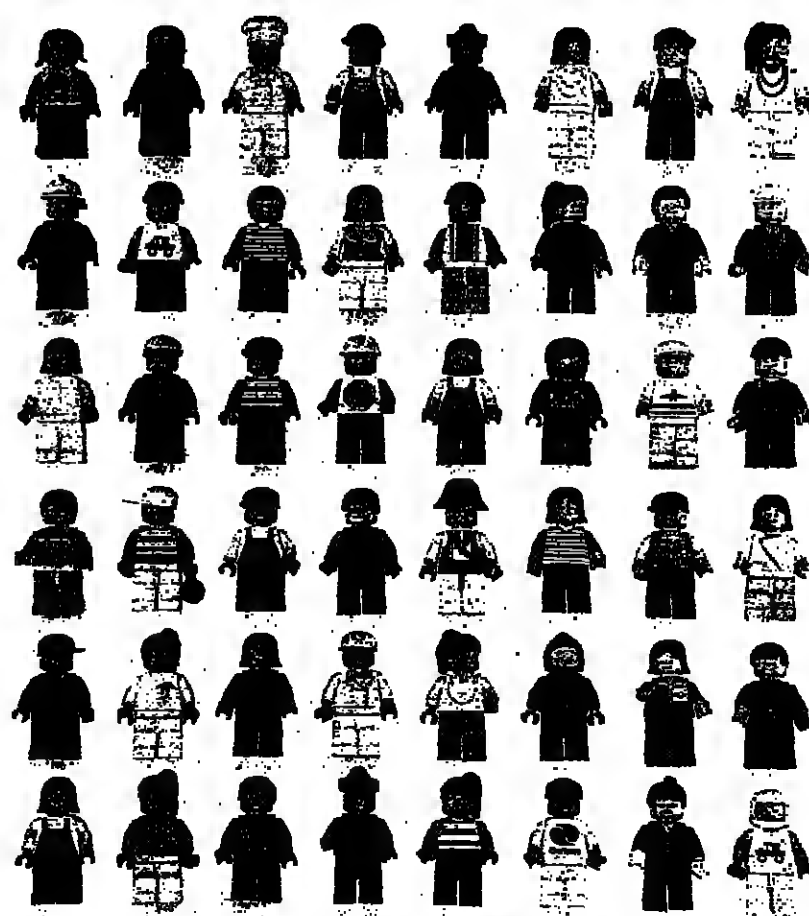
When the judge finally rejected the settlement this week, he charged that it was "too little, too late" to address Microsoft's alleged antitrust violations.

"The government is so anxious to close this deal that it has interpreted certain anticompetitive practices so narrowly that it possibly has given the green light for persons to engage in anticompetitive practices with impunity," he said. "The Justice Department and Microsoft have challenged the ruling in an appeal, filed on Thursday. They argue the judge has overstepped his authority by considering allegations against Microsoft that were not part of the original complaint."

The department is also concerned that the ruling could discourage other antitrust defendants from reaching settlement agreements. "As long as Judge Sporkin's decision stands, scarce government resources likely will be wasted litigating cases that it otherwise would settle," said Ms Bingaman in the Justice Department's appeal. Antitrust lawyers not involved in the case say that the judge may have overstepped the mark and that he is quite likely to be overturned on appeal.

Yet the judge has for the first time aired issues publicly previously discussed only behind closed doors in the computer industry. Like many distinguished predecessors on the federal bench, he has taken his role as the defender of the "public interest" to heart - to the discomfort of one of the world's most powerful companies and the US government.

Louise Kehoe



### SPOT THE REFUGEE

There he is. Fourth row, second from the left. The one with the moustache. Obvious really.

Maybe not. The unassuming-looking character you're looking at is more likely to be your average neighbourhood shop with a grubby vest and a weekend's stubble on his chin.

And the real refugee could just as easily be the clean-cut fellow on his left. You see, refugees are just like you and me.

Except for one thing.

Everything they once had has been lost behind them. Home, family, possessions, all gone. They have nothing.

And nothing is all they'll ever have unless we all extend a helping hand. We know you can't give them back the things that others have taken away.

We're not even asking for money (though every cent certainly helps). But we are asking that you keep an open mind. And a smile of welcome. It may not seem much. But to a refugee it can mean everything.

UNHCR is a strictly humanitarian organisation funded only by voluntary contributions. Currently it is responsible for more than 19 million refugees around the world.

UNHCR Public Information P.O. Box 2500 1211 Geneva 2, Switzerland



United Nations High Commissioner for Refugees

مسكن من الامم

PRIORITY



**T**he French government resorted this week to a familiar Gallic tactic in its battle to persuade fellow European Union nations that they need to do more to protect their cultures from American influence.

Mr Jacques Toubon, the French culture minister, invited his EU colleagues - in Bordeaux for a meeting - to the village of St Emilion amid the region's famous vineyards. He led them into a long, cool cellar to sample some of France's finest wines before seating them at candle-lit tables for a five-course feast of foie gras, lamb and creamy tacherin cheese.

Somewhere along the line the seduction failed. The next day Mr Toubon stood isolated. Only Portugal and Greece were remotely interested in French plans to reinforce the rules and quotas ensuring a majority of programmes shown on the continent's television channels are European.

Many blame the French government's failure on bullying tactics which have been the hallmarks of other member states and made the television industry suspicious. But even a more enigmatic manner would not necessarily have done the trick, while all EU member states believe they can help promote European culture, the case for quotas is not clear-cut.

As one commission official put it: "Quotas are a French obsession, not a European one."

The Union already has a system of quotas which, though flexible, applied, has been broadly respected in the five years since it was introduced. Known as the Television Without Frontiers directive, it requires that 51 per cent of material shown by European television channels be of European origin - but only "where practicable".

There have been few infringements, with terrestrial broadcasters happily and easily meeting their commitments. But the French, backed by some senior officials at the European Commission and Mr João de Deus Pinheiro, the former commissioner responsible for audiovisual affairs, thought the regime too weak. Towards the end of last year - when the directive was due for revision - they campaigned for stricter rules. These included the removal of the words "where practicable" and a tightening of the definition of European-made programmes to exclude chat shows and game shows.

The French case was not wholly

## Vision fades for fortress Europe

Emma Tucker on French efforts to protect European TV



without merit. A quick surf through EU television channels reveals a grim array of game shows, talk shows, and wobbly-set soap operas interspersed with American films.

Furthermore, the UK, while applying quality thresholds to its domestic channels, allowed non-domestic satellite stations to ignore the quotas and beam more or less what they wanted to other European countries - behaviour which infuriated the French and

Belgian governments. Other member states and numerous television companies, however, are worried that a tighter system of quotas dictating what TV channels may or may not transmit would discourage investment just as the industry faces big technological changes that will allow a proliferation of new channels. Mr Ralf Beke-Brankamp of Germany's Bertelsmann, one of the world's largest media groups, says

hasty action now could seriously damage the development of services such as tele-shopping and interactive television. "You can't really see in which direction all the new technologies will move," he says. "We should keep the rules regulating television as simple as possible."

French industry takes, on the whole, a different view. Mr Pascal Rogart, secretary general of the Chambre Syndicale des Producteurs Français, describes quotas as the "vitamins necessary to boost Europe's audiovisual industry."

"The rules as they exist are too weak," he says. "The audiovisual sector is not just an industry. It reflects our cultural diversity and we have to give it space."

Further, the frantic lobbying by the US entertainment industry at the slightest hint of a change to the existing EU regime is proof, according to Mr Rogart, that quotas are attacking the right target.

"If tomorrow there were 30-40 per cent Japanese cartoons dominating American screens, believe me, the US would use quotas," he says. More persuasive, perhaps, is the example of Canada, which has lived with quotas for 30 years.

"They have been an enormous success," says Ms Pauline Couture, a Toronto-based communications consultant. "It is very widely acknowledged here that without this kind of framework there would be no healthy Canadian production sector generating over \$2bn (US\$1.4bn) a year."

Germany's confused liberals are hoping for a reprieve in a state election on Sunday, says Judy Dempsey

## On the brink of irrelevance

**G**ermany's liberal Free Democratic party (FDP), the junior partner in Chancellor Helmut Kohl's governing conservative coalition, is nervously awaiting the outcome of elections on Sunday in the prosperous state of Hesse.

These are the first elections since the German government was returned to power last October, and should give an indication of its popularity. Mr Kohl's opponents, the Social Democrats and their Green partners, are expected narrowly to retain power in Hesse.

But the most important issue will be the fate of the troubled FDP. Germans are waiting to see if the party can win more than 5 per cent of the votes, the minimum required to enter the state parliament.

Hesse has long been a stronghold of social democrat workers - it is home to Hoechst, the chemical group, Opel, the carmaker, and Degussa, the industrial conglomerate. But its inhabitants also include many members of the FDP's natural constituency: the self-employed Frankfurt dentists, doctors, lawyers, and especially the managers of the Mittelstand, the small and medium-sized enterprises which are the backbone of the German economy.

A crushing defeat for the FDP in Hesse would not only confirm the defection of its loyal supporters, it could signal the demise of the FDP as a force in German politics.

The party has to prove that its philosophy of reduced state interference in the economy and greater freedom for the individual continues to hold a special place in Germany's political system. To do so, the party has to prove it can reverse a string of electoral defeats.

The FDP's record of the past two years has been miserable. It failed to win any seats in the last nine state elections or in those for the European Parliament last year. FDP membership in eastern Germany has plummeted to 30,000 from

**'Kinkel never wants to rock the boat. We might as well be cleaning the CDU's shoes'**

140,000 in 1990, and there are now less than 60,000 members in the west of the country.

Half of the FDP's voters used to be women, but the proportion has now dropped to less than a quarter. Meanwhile its traditional supporters from the professions are defecting to the Greens, to Mr Kohl's governing Christian Democrats (CDU), or to the SPD. "You can see why Hesse matters," says Mr Rainer Erkens, head of the party's political department. "We have to start reversing our fortunes."

For years the FDP has been an important part of an electoral system based on propor-

tional representation in which every vote matters. The two big German political parties - the CDU (in alliance with the Christian Social Union) and the SPD - have long depended on the FDP as a coalition partner.

From 1969 to 1982, the FDP was in league with the SPD. Since then - with enormous damage to the liberal-left wing of the party - the FDP has been in coalition with the CDU/CSU. In this role as king-maker, the FDP has curbed the extreme views of its partners, including the conservative penchant for more police surveillance of individuals and the SPD's ideological aversion to privatisation.

FDP ministers in the Kohl government have the foreign affairs, justice and economics portfolios. But the price of being in government is high. Sharing the spoils of power while simultaneously retaining a separate identity has proved difficult for the FDP. "The voters do not know what we stand for any more. We do not defend our principles enough," says Mr Erkens.

Mrs Cornelia Schmalz-Jacobson, head of the federal office for foreigners' affairs, and one of the FDP's more articulate parliamentary deputies, is more blunt. "The party is too timid. It lacks courage. It lacks leadership. It lacks ideas."

Some FDP members blame Mr Hans-Dietrich Genscher, the former foreign minister and party leader, for the decline. "The problem was that



Free Democrats blame both Hans-Dietrich Genscher (left) and Klaus Kinkel for their party's decline

he was the party. We relied on him too much. We neglected the grassroots. We neglected our principles," says a liberal parliamentary deputy. With Mr Genscher at the helm, the party took 11 per cent of the vote in the 1990 federal elections. By October last year, its share had dropped to 6.9 per cent.

Other disgruntled FDP members point the finger at Mr Klaus Kinkel, the current foreign minister and FDP leader, and Mr Otto Solms, the party's parliamentary leader. "Kinkel not only lacks imagination," says a senior FDP official. "He never wants to rock the boat in the coalition. We might as well be cleaning the shoes of the CDU."

The party is now trying to distance itself from the CDU on several issues - it supports lower taxes and reduced subsidies for industry, for example - but the timidity remains. Whenever Mrs Schmalz-Jacob-

son wants to tell voters in Hesse that Germany's tax disincentives for foreigners should have more rights, Mr Solms tells her to stop talking about the need for dual citizenship. "I gal very angry," she says. "Either we have principles or we don't."

But what are those principles? The FDP, which emerged from Germany's pre-war Democratic party and the People's party, has to cope with two tendencies in its ranks - the nationalist wing and the liberal or progressive wing.

The nationalists, strong in Berlin, want to recoup lost electoral ground by attracting voters from the conservative camp.

The progressives, for their part, are floundering. They purport to defend the interests of the individual against regulation and red tape, yet the party refuses to back the scrapping of the 1933 Rabbatsgesetz law which prevents prices from

being lowered more than 3 per cent except in promotional sales. They are supposed to stand for individual liberties, yet it is the Greens that lead on the issue of police surveillance. They claim to espouse the virtues of the market economy, including longer shopping hours and more privatisation, but their ability to act is constrained by the party's weakness within the Kohl coalition.

Mr Erkens and other FDP officials sometimes admit a stint out of government might force the liberals to rethink their strategy and revamp the leadership. The counter-argument is that the essential moderating influence which liberals have exercised on successive post-war governments would disappear. "But we have to prove that we are needed and different from the two biggest political parties," said Mr Erkens. "That is why Sunday matters."

Interactive parks are on the increase. Michio Nakamoto dons her virtual reality headset in Japan

## Beam guns and goggles

**I**magine putting the glitter of Las Vegas and the high technology of NASA into a kaleidoscope of colours. Then picture yourself sitting inside that kaleidoscope, trying to navigate your way to safety while being tossed and turned by an invisible hand.

That was how I felt after a few rides at Joypolis, Sega's "interactive entertainment" theme park in the port city of Yokohama in Japan, where visitors are treated to the latest in high technology thrills.

European fans of computerised entertainment will next year be able to experience such electronic wizardry for themselves when Sega opens a sister facility at the Trocadero in London's Piccadilly Circus.

Segaworld, as the London complex will be known, will feature similar attractions to its Japanese forerunner. It will be the fourth interactive entertainment theme park opened by Sega, a Japanese company better known for its video games machines and Sonic the Hedgehog mascot. But it will be the first of its kind in Europe.

Joypolis, which opened last summer, is already proving popular, attracting up to 10,000 visitors a day on weekends and holidays.

A 9,000-square metre indoor park, Joypolis is no Disneyland. Unlike conventional theme parks which thrive on dreams and fantasy, it aims to offer true-to-life experiences, albeit in pre-packaged, pre-programmed form. These range from virtual reality flights to a city of the future and deep-sea fishing on a screen.

The virtual reality rides are probably the closest most of us will come to racing at 360km an hour or spinning our way through a jungle skyscraper in an aircraft and emerging unscathed. The graphics of one large-screen shooting game, displaying a country-side scene, are so realistic that players might for a fleeting moment forget they are in a concrete building.

Sega has focused on the idea that entertainment should be interactive if it is to be fun. The rides and games are structured so that the performance of players affects the course of events and always leads to some kind of result.

On the VR-1 Space Mission, a virtual-reality ride that is one of the Joypolis's main attractions, riders board a spaceship and wear head-mounted display screens which look like futuristic space goggles.

The headgear shuts out the surroundings and transports the rider 300 years into the future. Everyone on board is converted into a graphic character, which appears to move in exactly the same way as the person it represents. The technology's three-dimensional computer graphics give each person a 360° view.

With crew in place, head-mounted displays fitted and beam guns in hand, the space-

ship is ready to go. It is 2300 AD and the human race has pushed its frontiers into outer space. The spaceship's mission is to deliver information to the planet Bascon. But before it can do so, it is attacked by enemy forces.

The course the spaceship takes, the damage it incurs as it manoeuvres its way past enemy ships, its safe arrival at its destination - all depend on the skill of crew members in fending off the enemy with their deadly beam guns.

We were told that the success of our mission was entirely in our hands. Unfortunately, our teamwork was not all it should have been. In spite of frantic pressing on the buttons of our beam guns, our spaceship crashed into an office building and out again.

Undeterred by the experience, we tried our hand at Virtua Formula, a machine which simulates the experience of driving. But Virtua Formula does more than simply transport would-be drivers to the racetrack. It also imparts the physical sensation of speed - bumps, crashes and all - to the ride.

The driver sits in a racing-car cockpit in front of a huge screen. The real steering wheel, which players control, is sensitive to the road surface on the screen. The driver's cockpit moves up and down or side to

side in response to the running of the engine. This in turn corresponds with what is happening on the screen, as the driver negotiates bends and chicanes.

Most drivers who take up the challenge for the first time are likely to feel humiliated by the experience, which is at once exhilarating and punishing.

Joypolis is targeted mainly at 20 to 30-year-olds. Sega has made an effort to combat the popular image of game-centres as ill-lit and rather sleazy by keeping the place bright and cheerful, and providing plenty of attendants dressed in costumes suited to the rides they oversee.

Many visitors to the complex are women in their early 20s, although some of them look as though they would be happier meeting Donald Duck than shooting the next dark invader.

The success of its Japanese ventures has encouraged Sega to set itself the ambitious goal of opening 150 more theme parks over the next five years. Of these, 50 will be in Japan, 50 in North America and the rest in Europe and Asia. The company has already received more than 100 proposals from interested parties.

Meanwhile, it is striving to improve its computer graphics and virtual reality technology. It promises to have a completely new game ready in time for next year's opening in London.



ITV output proves it does not concentrate on the 'instantly forgettable'

From Mr Leslie Hill.

Sir, What a pity that in exhorting the BBC to serve the "intelligent middle-class viewer and listener" Christopher Duncley should disparage ITV ("Why the BBC should be bourgeois", February 15).

And yet as recently as October last year Duncley said of our factual and current affairs output: "ITV currently looks like much the most fierce champion in British television of the public right to know."

Quite so. In 1994, the volume of factual programmes in the mid-evening peak-time schedule rose by 50 per cent. This hardly squares with the charge that ITV "concentrates on the maximisation of ratings by way of game shows, soap operas and formula drama, most of which are instantly forgettable".

It would be very disappointing, for example, if last autumn's first-ever themed week, *The War Machine*, a robust inquiry into the international arms trade, were to be

instantly forgotten. ITV concentrates on satisfying viewers with a portfolio of programmes of unrivalled popular and critical acclaim in drama, documentary, news and current affairs, entertainment, comedy, children and sport.

Home produced, high quality drama is the cornerstone of the channel's success. Programmes of the calibre of *Prime Suspect*, *Sharpe*, *Kavanagh QC*, *A Touch of Frost*, *Cracker* and many more are the admitted envy of the BBC.

As a distinguished critic wrote in October 1994: "Today, *Between the Lines* is not only the best police series, it is not even second best. ITV's *Cracker* is clearly superior, and *The Bill*, also on ITV, is better." In case he has forgotten, the distinguished critic was Duncley writing in the FT.

Leslie Hill, chairman, Independent Television Association, 200 Gray's Inn Road, London WC1 8EF, UK

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'line'). Translation may be available for letters written in the main international languages.

### Cast net wider for WTO leader

From Mr Hugh Corbet.

Sir, The letter from a group of economists (January 27), and your earlier editorials ("Choosing a WTO leader", December 14, "Leading the WTO", October 20, and "Leader for the WTO", July 7 1994) on the need for a fresh search for a successor to Peter Sutherland as director general of the World Trade Organisation can be reinforced by the small-country argument. Whoever is appointed must not only be supported by leading trading powers but also, as part of the required consensus, enjoy the confidence of small countries.

Small countries, whether developed or developing, look to multilateral institutions to safeguard their interests. The European Union, Japan and the US do not need them in the same way. Under the Uruguay Round agreements, developing countries have had to assume

wide-ranging obligations, having not done so previously. By participating in it more fully, they now have a much greater stake in the international trading system, their positions being similar to those of the small developed countries.

Today, 98 of the 128 members of the WTO system are developing countries. Many rely heavily on a liberal trade regime. For them, much depends on how the subtle, and apparently technical, issues that will shape the WTO are handled under a new director-general's leadership.

The small-country argument was implicitly accepted in the appointments of Arthur Dunkel and, before him, Olivier Long, both civil servants from Switzerland, as director general of the General Agreement on Tariffs and Trade.

In the 1980s, however, there developed a belief that the

director-general of the Gatt/WTO should be a political figure. Mr Sutherland did a great job wrapping up the Uruguay Round negotiations. It does not follow, though, that his successor must also be a politician.

There is now a stalemate between the two leading candidates, Renato Ruggiero and Carlos Salinas. Therefore, although other candidates might be suitable, it is time to cast the net wider. Non-political candidates with political skills - whether civil servants, academics or whatever, and including ones in the leading trading powers - would stand the best chance of commanding the confidence of small countries.

Hugh Corbet, Garton Sigur Centre for East Asian Studies, George Washington University, 2130 H Street, NW, Washington DC 20052, US

### A premier institution

From Mr Nick Durlacher.

Sir, I refer to your leader, "Aias, poor Warburg" (February 14).

The London International Financial Futures and Options Exchange is the third largest futures and options exchange in the world, and premier exchange in Europe. Its international membership and derivative contracts across seven leading currencies enable it to contribute £700m a year to invisible earnings, and rightly enable it to claim to be the world's leading international futures and options exchange.

A "lesser domestic institution" I think not. Nick Durlacher, chairman, Cannon Bridge, London, EC4R 3XX, UK

### Heavy price of poverty

From Mr Brendan Farrell.

Sir, I very much agree with your editorial, "The poverty of policy" (February 15), that it is in our own interests to help the poorer sections of society. I remember reading that it was this sentiment which persuaded Joe Kennedy to throw his weight behind Franklin D. Roosevelt and the New Deal in the 1930s. He realised that, if he did not act, he and his family would pay a heavy price.

In the UK we have begun to pay that price. Burglary, vandalism, unsafe streets - all these things are, in reality, a sort of indirect taxation levied on each and every one of us who has not had the good fortune to insulate ourselves from the cares of the world with sufficient wads of money.

Brendan Farrell, 42 Uplands, Middleton, Manchester M24 1FA, UK

### Banks after new 'spread'?

From Mr Martin Gatto.

Sir, While not wishing to comment on whether or not a single currency will be of benefit to the UK, I am left wondering what the position of banks will be once a single currency arrives.

The Edward Heath story of the devaluation of the pound as it crosses the borders of Europe is well known. These devaluations or foreign exchange commission costs, "the spread", represent substantial profits to both the banking and the foreign

exchange community across Europe.

Once we have a single currency this loss of profit will not be industry's gain, as I am sure that banks will introduce charges for cross-border money movements.

Anyone who has tried to transfer pesetas into Spain will understand this. Martin Gatto, Finance Director, Somerville House, Whitchurch Lane, Bristol BS14 0TJ, UK



## CURRENCIES AND MONEY

## MARKETS REPORT

## Fragile dollar

The dollar finished off its lows in Europe yesterday amid unconfirmed rumours of central bank intervention to support it, writes Philip Gauthier.

Earlier it had fallen below its 1994 low of DM1.4850 to reach DM1.4780, before recovering. It closed in London at DM1.4897, from DM1.4814 on Thursday.

The D-Mark continued to reign supreme. The most conspicuous victim was the Italian lira, which fell to L1,087, before Bank of Italy support helped it back to a close of L1,080.

Sterling also fell further, to finish at DM2.3463, from DM2.3506. It was unchanged against the dollar at \$1.5761.

Trading slackened off in the afternoon ahead of the US long weekend. Markets are closed on Monday for President's day.

The pattern of trading was established early in the European morning when political news out of Spain established early demand for D-Marks.

This was accentuated by the sharp fall in the lira, prompted by anxieties over passage of the mini-budget.

The market was full of rumours about central bank intervention, but there was no sign of the Federal Reserve or Bundesbank buying dollars. The Bank of Japan bought dollars during European trading, while the central banks of Italy and Portugal supported their currencies.

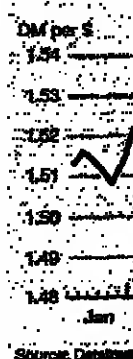
Mr Pound to New York

Feb 17	Low	High	Prev. close
1st	1.4780	1.4897	1.4814
2nd	1.4780	1.4897	1.4814
3rd	1.4780	1.4897	1.4814
4th	1.4780	1.4897	1.4814

Analysts said the Fed stayed on the sidelines, despite the dollar falling below the level where the Fed intervened last November, because the market was not "short".

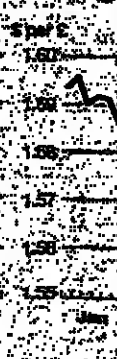
Intervention only works when the market is caught short, because in covering

## Dollar



Source: Reuters

## Sterling



Source: Reuters

their positions traders accentuate the upward move prompted by the initial act of intervention.

Although the Fed was notable by its absence, the potential of intervention probably helped curb the dollar's fall.

Mr Mike Rosenberg, manager of international fund income research at Merrill Lynch, in New York, said: "As long as there is the risk that the Fed might come in, a lot of people will be leery about moving out of the dollar."

Mr Hawkins said it was not

clear what central banks could do to curb tensions. He said the two issues which have most unsettled markets - politics and budget - would not necessarily be helped by the traditional response of raising interest rates.

Indeed, by raising borrowing costs and hence aggravating deficit management, they might very well achieve the opposite.

The release of US trade figures failed to provide the market with any direction. Although the December trade

deficit was well below market expectations, this was offset by the total 1994 deficit, the largest since 1988.

For the second day in succession, the Bank of England did not provide UK money markets with assistance at established rates. It provided £245m late assistance, after forecasting a £350m shortage.

Money market rates, however, remained easy, with three month LIBOR unchanged at 6% per cent, the same as the base rate.

## POUND SPOT FORWARD AGAINST THE POUND

Feb 17	Closing mid-point	Change on day	5 days forward	1 month forward	3 months forward	6 months forward	1 year forward	Bank of England
Europe	16.4808	-0.0038	739 - 878	16.5550	16.4908	16.4983	0.6	106.3
Austria	(Sch)	16.4808	-0.0038	739 - 878	16.5550	16.4908	16.4983	0.6
Belgium	(Bfr)	48.2744	-0.1188	479 - 000	48.5000	48.1180	48.2844	1.2
Denmark	(DKr)	8.2910	-0.0028	448 - 574	8.2902	8.2277	8.2463	0.8
Finland	(Fmk)	7.2881	-0.0007	808 - 916	7.2870	7.2890	7.2890	0.8
France	(FFr)	16.1818	-0.0008	582 - 693	16.1887	16.1288	16.1391	1.0
Germany	(DM)	2.3463	-0.0003	429 - 473	2.3545	2.3293	2.3498	1.4
Greece	(Dr)	363.481	-1.1788	889 - 978	370.743	367.545	367.545	0.8
Ireland	(IrL)	1.0072	-0.0014	035 - 079	1.0088	1.0008	1.0008	0.7
Italy	(L)	253.488	-0.0038	359 - 443	255.027	252.757	253.73	1.5
Luxembourg	(Ffr)	48.2744	-0.1188	479 - 000	48.5000	48.1180	48.2844	1.2
Netherlands	(Gld)	2.6307	-0.0009	284 - 320	2.6416	2.6172	2.6276	1.4
Norway	(Nkr)	10.3181	-0.0075	122 - 189	10.3673	10.3148	10.3148	0.2
Portugal	(Esc)	202.772	-0.0021	847 - 112	203.771	202.804	203.28	0.3
Spain	(Ptas)	164.829	-0.0029	189 - 389	165.040	162.893	164.829	1.8
Sweden	(Skr)	11.7577	-0.0008	672 - 881	11.7594	11.7474	11.7474	0.7
Switzerland	(Sfr)	1.9840	-0.001	830 - 850	1.9812	1.9757	1.9757	2.7
UK	(£)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
USA	(\$)	1.4897	-0.0021	481 - 478	1.4897	1.4897	1.4897	0.6
South Africa	(Rand)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
South Korea	(Won)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
Thailand	(Baht)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
Philippines	(Peso)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
Malaysia	(Ringgit)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
Indonesia	(Rupiah)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
Singapore	(Dollar)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
Brunei	(Dollar)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
East Africa	(Shilling)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
South America	(Peso)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
Caribbean	(Dollar)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
Central America	(Colon)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
Asia	(Dollar)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
Oceania	(Dollar)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6

Source: Reuters. Note: For Feb 16, bid/offer spread in the Pound Spot table shows only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling rates calculated by the Bank of England. Dollar rates 100 = 100, other rates 100 = 100. Other rates and mid-points in both the Dollar Spot table and the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & EU are quoted in UK currency. J.P. Morgan's forward rates for Feb 16, based on 100 = 100.

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Feb 17	Closing mid-point	Change on day	5 days forward	1 month forward	3 months forward	6 months forward	1 year forward	J.P. Morgan
Europe	10.4570	-0.04	550 - 550	10.4585	10.3880	10.4485	1.2	105.8
Austria	(Sch)	10.4570	-0.04	550 - 550	10.4585	10.3880	10.4485	1.2
Belgium	(Bfr)	30.8500	-0.0078	300 - 400	30.7380	30.4270	30.6576	0.8
Denmark	(DKr)	6.8888	-0.0164	670 - 725	6.8882	6.8941	6.888	0.4
Finland	(Fmk)	4.8220	-0.0043	205 - 255	4.8400	4.8514	4.8303	0.7
France	(FFr)	1.5788	-0.0001	776 - 787	1.5780	1.5780	1.5784	0.6
Germany	(DM)	1.4887	-0.0027	884 - 880	1.4815	1.4798	1.4798	1.1
Greece	(Dr)	233.500	-0.78	830 - 930	234.400	232.170	232.170	0.8
Ireland	(IrL)	1.5648	-0.0022	941 - 958	1.5611	1.5648	1.5648	0.2
Italy	(L)	180.338	-0.57	776 - 880	180.330	180.330	180.330	0.2
Luxembourg	(Ffr)	48.1084	-0.0027	884 - 880	48.1084	48.1084	48.1084	0.8
Netherlands	(Gld)	1.6892	-0.0043	687 - 698	1.6720	1.6555	1.6555	1.1
Norway	(Nkr)	6.5455	-0.0048	445 - 485	6.5514	6.4948	6.4948	0.7
Portugal	(Esc)	154.170	-0.18	120 - 220	154.220	153.000	154.220	0.8
Spain	(Ptas)	164.829	-0.0029	189 - 389	165.040	162.893	164.829	1.8
Sweden	(Skr)	11.7577	-0.0008	672 - 881	11.7594	11.7474	11.7474	0.7
Switzerland	(Sfr)	1.9840	-0.001	830 - 850	1.9812	1.9757	1.9757	2.7
UK	(£)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
USA	(\$)	1.4897	-0.0021	481 - 478	1.4897	1.4897	1.4897	0.6
South Africa	(Rand)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
South Korea	(Won)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
Thailand	(Baht)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
Philippines	(Peso)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
Malaysia	(Ringgit)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
Indonesia	(Rupiah)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
Singapore	(Dollar)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
Brunei	(Dollar)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
East Africa	(Shilling)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
South America	(Peso)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
Caribbean	(Dollar)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
Central America	(Colon)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
Asia	(Dollar)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6
Oceania	(Dollar)	1.5761	-0.0004	481 - 478	1.5762	1.5763	1.5763	0.6

Source: Reuters. Note: For Feb 16, bid/offer spread in the Dollar Spot table shows only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & EU are quoted in UK currency. J.P. Morgan's forward rates for Feb 16, based on 100 = 100.

## CROSS RATES AND DERIVATIVES

## EXCHANGE CROSS RATES

Feb 17	DFr	DKr	FFr	DM	£
Belgium	(BF) 100	18.17	18.31	2.489	2.086
Denmark	(DK) 52.16	10	8.822	2.678	1.089
France	(F) 58.15	11.34	10	2.575	1.254
Germany	(DM) 33.93	10	10	2.461	1.029
Italy	(L) 47.96	9.187	9.124	2.230	1
Ireland	(I) 1.905	0.939	0.802	0.035	0.040
Netherlands	(G) 1.577	0.777	0.777	0.035	0.029
Norway	(Nkr) 46.82	9.753	7.916	2.275	0.977
Portugal	(P) 13.67	3.808	3.380	0.986	0.415
Spain	(Ptas) 23.04	4.850	3.687	1.148	0.483
Sweden	(S) 1.357	7.888	7.888	0.035	0.029
Switzerland	(Sfr) 24.23	4.863	4.171	1.182	0.606
UK	(£) 48.27	9.251	8.118	2.340	1.007
US	(US\$) 24.25	4.188	3.687	1.148	0.483
Japan	(¥) 30.63	5.670	5.178	1.488	0.638
South Korea	(W) 31.43	5.023	5.313	1.527	0.659
Hong Kong	(HK\$) 7.425	4.229	4.229	0.035	0.029
India	(Rs)				
Malaysia	(RM)				
Thailand	(Baht)				
Philippines	(Piso)				
Singapore	(S\$)				
Brunei	(B\$)				
Indonesia	(Rp)				
Maldives	(M\$)				
Myanmar	(Kyat)				
Nepal	(Rs)				
Pakistan	(Rs)				
Sri Lanka	(Rs)				
Taiwan	(NT\$)				
Turkey	(Liras)				
USSR	(Ruble)				
Yugoslavia	(Dinars)				
Other					



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No. of employees ☐ under 50 ☐ 50 to 100 ☐ over 100  
I already use online ☐ Yes ☐ No

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LONDON STOCK EXCHANGE

MARKET REPORT

Slow trading as investors watch the US dollar

By Terry Byland, UK Stock Market Editor

Currency factors continued to overshadow UK equities yesterday, with British government bonds also out of favour, share prices drifted lower. The market closed at the low of the day after Wall Street opened easier and paid little heed to a rally in the dollar towards the end of the London session.

The final reading showed the FT-SE 100 share index at 3,044.2 for a net loss on the day of 6.9. The Dow Jones Industrial Average was 12 points off at this stage. British government bonds steadied at the close to record losses of only a or

so across the range. UK equities made an uncertain start as investors weighed the Dow's rise to a new peak overnight against the dollar's continued troubles, which were reflected in an easier trend in bond markets.

Technical factors surrounding expiry of the Footsie option in the derivatives market also inspired volatility in the underlying equities.

Within a short space of time, the Footsie had been 10 points down and three points up but there was little heart in the market. Share prices soon settled down to a negative pattern and, with little to look forward to until New York opened,

the trend remained mildly down-ward.

After a slow start, the Dow Average slipped lower and London followed suit. Trading volume in UK equities was modest, with the Saeq network recording 417.6m shares dealt, compared with 686.7m on Thursday, when the total was boosted by one large trade in a low-priced share. Retail business on Thursday was worth £1.65m.

At last night's close, the Footsie was around 2.1 per cent off on the week. Share prices moved cautiously at the beginning of the week as investors braced themselves for the latest data on UK inflation and economic progress which came at

mid-week. The FT-SE Mid 250 index, taking in a range of second line stocks, has outperformed the Footsie this week. Yesterday's fall of 1.5 to 3437.2 left the Mid Index with a loss on the week of only around 0.5 per cent.

Although this week's UK economic statistics were fairly well in line with market expectations, the implications were quickly brushed aside by worries over weakness in the dollar, which in turn reflected renewed concerns over the Mexican financial crisis.

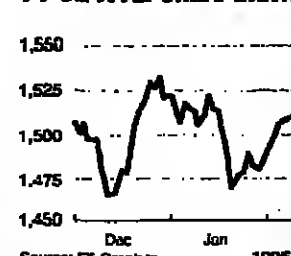
Bond markets have become unsettled as the dollar weakened. Long-dated British government bonds were around 3 down early in yes-

terday's session before rallying as the US currency steadied.

Takeover speculation continued to bubble beneath the surface. Wellcome gained a breathing space to continue resistance to Glaxo's unwanted \$9m plus bid after the High Court ruled on Wellcome Trust's intention to sell its 40 per cent stake to the predator.

The deal, if successful, will put around \$50m cash into the hands of investment institutions which are likely to reinvest in securities markets. Also helpful for market liquidity was Northern Electric's decision to pay a special dividend as part of its fight against the bid from Trafalgar House.

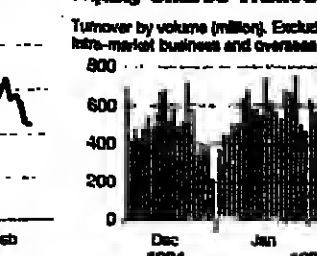
FT-SE-A All-Share Index



Indices and ratios

FT-SE Mid 250	3437.2	-1.5
FT-SE-A 350	1522.5	-2.8
FT-SE-A All-Share	3044.2	-2.59
FT-SE-A All-Share yield	4.11	(4.10)
FT Ordinary index	2315.0	-7.8
FT-SE 100 Fut p/e	17.33	(17.66)
FT-SE 100 Fut Mar	3044.0	-0.5
10 yr Govt yield	8.70	(8.68)
Long gilts/equity yld ratio	2.13	(2.13)

Equity Shares Traded



FT-SE 100 Index

Closing index for Feb 17	3044.2
Change over week	-65.7
Feb 18	3044.2
Feb 15	3074.1
Feb 14	3071.8
Feb 13	3081.1
High	3102.8
Low	3041.0
Inter-day high and low for week	

TRADING VOLUME IN MAJOR STOCKS

Stock	Vol. 000s	Chgng	Vol. 000s	Chgng
Adia Group	170	34%+1	1,000	182
Adia Holdings	1,000	485	1,000	182
Adia Investments	1,000	485	1,000	182
Adia Services	1,000	485	1,000	182
Adia Tech	1,000	485	1,000	182
Adia Telecom	1,000	485	1,000	182
Adia Transport	1,000	485	1,000	182
Adia Utilities	1,000	485	1,000	182
Adia Finance	1,000	485	1,000	182
Adia Insurance	1,000	485	1,000	182
Adia Real Estate	1,000	485	1,000	182
Adia Consumer Goods	1,000	485	1,000	182
Adia Healthcare	1,000	485	1,000	182
Adia Media	1,000	485	1,000	182
Adia Entertainment	1,000	485	1,000	182
Adia Sports	1,000	485	1,000	182
Adia Leisure	1,000	485	1,000	182
Adia Education	1,000	485	1,000	182
Adia Social Services	1,000	485	1,000	182
Adia Public Services	1,000	485	1,000	182
Adia Infrastructure	1,000	485	1,000	182
Adia Energy	1,000	485	1,000	182
Adia Chemicals	1,000	485	1,000	182
Adia Pharmaceuticals	1,000	485	1,000	182
Adia Biotechnology	1,000	485	1,000	182
Adia Aerospace	1,000	485	1,000	182
Adia Defence	1,000	485	1,000	182
Adia Space	1,000	485	1,000	182
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Adia Information Technology	1,000	485	1,000	182
Adia Computer Services	1,000	485	1,000	182
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Adia Building	1,000	485	1,000	182
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Scott American Albino	2
Scott Blue	2
Scottish Inv.	2
Scott Montague	1
Scott Vulture	1
Scoutbird Lark	
Warrens	
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Sec Accord	1
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# FINANCIAL TIMES

Weekend February 18/February 19 1995

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## Security concession aimed at pushing forward Irish peace process

### UK lifts Ulster banning orders

By Kevin Brown in London and John Murray Brown in Dublin

The UK government yesterday attempted to give the Northern Ireland peace process a final push before today's Anglo-Irish talks in Dublin by lifting 10 exclusion orders under the Prevention of Terrorism Act.

Sir Patrick Mayhew, UK Northern Ireland secretary, said that "security advice" indicated there was no longer any need for the orders, which were mainly intended to stop unnamed republicans entering the province from the Irish Republic.

Mr Michael Howard, home secretary, said that a further 56 exclusion orders preventing unnamed terrorist suspects from entering mainland Britain from Northern Ireland were being reviewed.

Sir Patrick's announcement

appeared intended to satisfy Irish calls for security concessions before he meets Mr Dick Spring, Irish deputy prime minister, for a final round of talks on a framework document for all-party talks on Northern Ireland.

His decision to lift the orders, which were mainly intended to stop unnamed republicans entering the province from the Irish Republic, was "proof" that they had disrupted terrorist plans.

In comments that will be seized on by Ulster Unionists, Mr Rowe said the government should keep almost all its emergency anti-terrorist powers except internment, despite the open-ended IRA and loyalist ceasefires.

"Information given to me con-

vinces me that there is a very real threat of terrorism connected with the affairs of Northern Ireland," he said. "Extortion and blackmail, and intimidation, and the collecting of funds, all for terrorist purposes, still goes on since the ceasefires, and for that reason alone these powers... are necessary."

In Dublin, Mr Spring said the lifting of exclusion orders was part of the peace dividend. Dublin has lifted its own emergency legislation and released republican prisoners in an effort to maintain the momentum of the peace process.

Mr Jan Paisley, leader of the hard-line Democratic Unionist party, accused the government of giving in to terrorism.

Mr Gerry Adams, Sinn Féin president, subject to an exclusion order until last year, said that all such orders should be lifted.

The framework document is likely to be approved today, paving the way for publication soon at a summit between Mr John Major and Mr John Bruton, the Irish prime minister.

Officials said Sir Patrick would report to the British cabinet next week. A summit is likely to follow quickly, probably in London and possibly as early as Friday.

Mr John Major yesterday sought to calm unionist fears about the document. In a letter to three leading DUP MPs he said proposed cross-border institutions would be answerable to a Northern Ireland Assembly.

Mr Major also promised the DUP: "I fully support the Union. It is in no sense my aim to see it dismantled. The papers we put forward will be neither a unionist nor a nationalist agenda, but fair and balanced proposals as a basis for negotiation."

## THE LEX COLUMN

### Northern gears up

Hostile takeovers wonderfully concentrate a manager's mind. In its attempt to escape Trafalgar House's clutches, Northern Electric is proposing to squeeze every last penny of value from its business. Shareholders will receive a package of goodies - mega-dividends, preference shares and Northern's stake in the National Grid - worth 507p a share, and will still be left owning the basic utility. Unless Trafalgar increases its offer, Northern will go free.

The essence of Northern's package is gearing. The company is not just paying a 150p special dividend, which could push gearing to an astonishing 225 per cent. S.G. Warburg, its adviser, has also produced a novel instrument - an underwritten bonus preference share worth 100p a share. This is really a disguised form of gearing: though it will not add to Northern's reported gearing, financing charges will rise.

One effect of gearing is that Northern will have to run a tighter ship. Capital expenditure and operating costs will be cut. Northern has also had to abandon ambitions to diversify. All this is good for investors.

Such gearing may seem risky, but it is not. The 225 per cent figure is only a temporary peak, brought about by the timing of £100m of advance corporation tax payments associated with the financial goodies. More importantly, Northern should be able to pay its interest charges and preference dividends comfortably.

But there may be no cash left over to increase dividends beyond the 41p net (51p gross) promised for 1996-97. There is also the risk that, if an incoming Labour government imposes tighter price regulation, the dividend could be cut. It would therefore be rash to place a high value on the rump.

However, even if one thought the rump in 1996-97 should yield 9 per cent gross, it would still be worth 507p. Add that to 507p for the financial goodies and Northern has come up with a package worth more than Trafalgar's £10.48 offer. This does not guarantee Northern's independence, as Trafalgar can afford to improve its offer. The difficulty will be in deciding what is the minimum it can get away with.



change the new manufacturing process for biotech, the group's most advanced product. If it is the process rather than the drug itself that is causing the side-effects, then biotech's launch need only be delayed for a year. More serious would be if the medicine itself proves intrinsically toxic. Most damaging would be if biotech's class of drug proves dangerous: that would be disastrous because the company is developing other treatments using the same technology. Then the whole investment case for British Biotech crumbles.

For the moment, the least damaging theory looks most convincing. But until clinical trials demonstrating the drug's safety are completed next year, the stock will remain under a cloud. If the shares stay under 525p, shareholders will not exercise their warrants early in 1996. The group would then require a rights issue to avoid running out of cash.

The consequences for the rest of the fledgling UK biotechnology sector are considerable. British Biotech is the industry's flagship, the largest group with the most advanced products. Its problems will remind investors that this is a high-risk, high-reward, business. It should also make them more selective. Large groups are inherently less speculative because of their broad portfolio. If one product fails at least there are others in the pipeline.

#### Rights issues

Amid the brouhaha over underwriting fees, it is sometimes forgotten that companies can hold rights issues without paying such fees. The way to do this is to issue new shares at a deep

discount to the existing share price. The greater the discount, the less likely it is that stock market gyrations will knock the issue off course. The need for costly underwriting thus becomes superfluous.

Companies are strangely reluctant to go down this route. Part of the reason is pride: an on-voiced view in the City is that only companies unable to get an issue underwritten raise equity capital this way. Finance directors also worry about the impact on dividends, as the number of new shares to raise a given amount is higher in proportion as the discount is deeper. But over-distribution occurs only if the nominal dividend is maintained. There is nothing to stop companies chopping the dividend per share while maintaining the total payout.

Another, more tangible problem is that the deep discount can crystallise a capital gains tax liability for those investors obliged to sell their ill-paid rights to finance the purchase of new shares. Those who suffer from this most are private investors, rather than institutions which either have the cash to take up the new shares in full or are tax-exempt. The government could eliminate this hurdle by granting tax exemption on investors' sale of their rights, insofar as that sale allows them to take up enough new shares to maintain their economic interest in the company.

#### T&N/Kolbenschmidt

T&N may have lost the first round in its battle to acquire German piston manufacturer Kolbenschmidt, following the preliminary decision from Germany's cartel authorities. Shareholders should be relieved. The deal may offer long-term strategic benefits, as it absorbs a competitor in T&N's weakest market. However, T&N's piston operations have been steadily winning market share from Kolbenschmidt. If T&N cannot join it, there is every chance that it can beat it over the longer term, without too much pressure on margins.

T&N would not have to absorb Kolbenschmidt's debt pile. As T&N also plans to cut its dividend, concerns over T&N's stretched balance sheet would subside. The group could refocus on generating cash from existing businesses to provide a cushion against further asbestos claims. The fight for Kolbenschmidt may not be over, but the best thing for T&N's share price would be defeat.

## Ex-ministers join UK row over Europe

Continued from Page 1

to a referendum on whether sterling joins a single currency.

In a speech to Sutton Coldfield Conservative Association in West Midlands, Sir Norman said: "He [Mr Clarke] is one of the strongest ministers in the government, and... a notably loyal colleague... It is entirely ludicrous to describe his comments on the single currency as some kind of internal party plot."

Meanwhile, Sir Leon Brittan, the former trade secretary and current vice-president of the European Commission, said that if the UK stayed outside a single European currency, "we would pay an interest rate surcharge as a result."

Mr Clarke, on a visit to Wales, denied he had differed with Mr Major over the constitutional implications of a single currency, even though Mr Major has ordered an end to public debate by cabinet ministers of this issue.

## Germany

Continued from Page 1

settlement. Also, many Bavarian companies now had full order books and would be badly affected by a strike.

Engineering companies in Bavaria employ some 700,000 people, roughly half of whom belong to IG Metall. But only the 165,000 members whose wage contracts are immediately affected by the present claim will take part in next week's vote. IG Metall's regional office in Bavaria said members were likely to provide the majority needed for a strike.

Mr Schneider said the union had spelt any chance for a last-minute employers' offer by setting an ultimatum that expires on Monday, when the strike ballot starts.

## German cartel office warns Britain's T&N on takeover

By Tim Burt in London and Andrew Fisher in Frankfurt

T&N, the British engineering group, suffered a setback yesterday in its efforts to become the world's leading piston manufacturer when the German cartel office said it would probably reject the UK company's planned takeover of Kolbenschmidt, the German components group.

The cartel office warned in a preliminary judgment that T&N's proposed DM282.6m (£184.7m) purchase of a 52.5 per cent stake in Kolbenschmidt would give T&N undesirable dominance of the German market, the largest in Europe.

However, T&N said it would press ahead with the acquisition and make fresh representations to the cartel office in Berlin

before the March 8 deadline for submissions. A final ruling is expected before March 12.

If the deal went through, T&N would have 70 per cent of the German market for friction bearings and more than two thirds of piston production. It would rival Mahle of Germany as Europe's leading piston maker.

Expressing confidence that it would eventually convince the authorities to change their mind, T&N noted that the cartel office had made a similar judgment before approving its DM250m acquisition of Goetze, Germany's leading piston ring manufacturer, in 1993.

Such acquisitions have been a central plank of T&N's efforts to expand away from its former role as Britain's largest asbestos producer, when it was known as Turner & Newall.

Unlike Goetze, Kolbenschmidt regarded T&N as a hostile bidder. It has campaigned aggressively against the deal since last September, when the UK group first announced it would buy a 52.5 per cent stake, including a 24.9 per cent holding acquired by Commerzbank on its behalf.

In London, several analysts welcomed the cartel ruling. Mr Bob Golding at SG Warburg said it would relieve pressure on T&N's balance sheet, already stretched by 70 per cent gearing.

His view was echoed by Mr Sandy Morris at NatWest Securities, who urged the company to concentrate on its existing business to win market share from Kolbenschmidt. T&N's shares closed up 1p at 161p.

See Lex

## Northern Electric begins fight against hostile takeover bid

By Peggy Hollinger in London

Northern Electric, the British regional electricity supplier, yesterday launched a surprise defence to the hostile £1.2bn (\$1.86bn) bid from UK engineering company Trafalgar House, which could unleash a radical financial restructuring of the electricity industry.

Immediately unveiled a package of financial incentives, which it said was worth a net 25.07p per share, aimed at persuading shareholders to reject the bid. Although it would leave the company with substantial debt, Northern said it would still be able to increase the dividend by 33 per cent this year and 13 per cent in 1996 and 1997. Northern's last-ditch defence appeared to have won over the

market, with the shares jumping sharply above Trafalgar's cash offer price of £10.48p. They closed 19p higher at £11.12p, as analysts and institutions speculated that Trafalgar would have to respond next week with a higher offer of between £11.50 and £12 a share.

Investors were also expecting Northern's tactics to force other regional electricity companies to accelerate their plans to return value to shareholders.

Northern is proposing an unusual bonus preference share issue, underwritten for cash and worth a guaranteed minimum of £1.

Shareholders would also receive a special dividend of £1.50, and a further payout of £2.57 arising from Northern's share of the National Grid, the

transmission system owned by the 12 English and Welsh electricity companies which is likely to be demerged later this year.

Northern's proposals are expected to mean a severe squeeze on investment and further substantial job cuts at the utility, which is already planning to reduce its workforce by 800 to 5,700.

Trafalgar dismissed Northern's defence as shuffling money from one pocket to another. Mr Nigel Rich, chief executive, said: "Northern is saying it will give you your own money to allow the same management with the same strategy to run the same company."

Northern's rocket sends shock waves, Page 5  
 See Lex

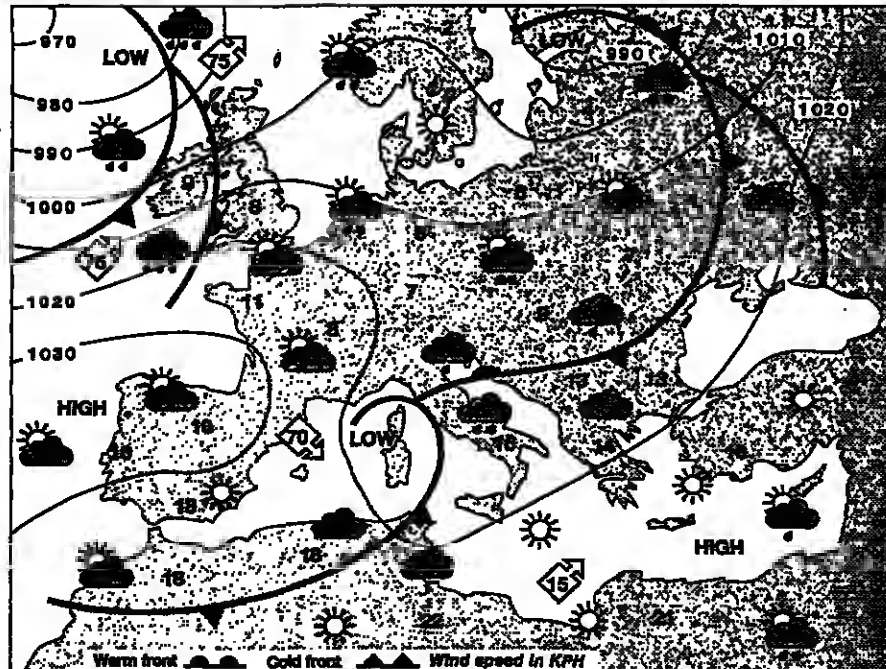
## FT WEATHER GUIDE

### Europe today

Wet and windy conditions are expected in Ireland and Scotland as an active disturbance moves across the area. In Western Scotland there will also be severe south-westerly gales. Sun, cloud and showers are expected in Denmark, the Benelux and northern France. Southern France, Spain and Portugal will have sunny skies accompanied by mistral winds of gale force in the Riviera region. The Balkans and central Italy will have rain. High pressure will dominate the eastern Mediterranean bringing plenty of sunshine to Greece and Turkey.

### Five-day forecast

The British Isles, the Benelux, Germany and eastern Europe will continue to be unsettled. These regions will have rain and cloud. Sunshine will prevail in southern France, Spain, Portugal and Italy. Later in the week rain is expected in Portugal and northern Spain. A band of rain will move through south-east Europe on Sunday, but clear skies are expected by Monday in the Balkans.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

### TODAY'S TEMPERATURES

Abu Dhabi	sun	30	Caracas	sun	30	Paris	sun	12	Rangoon	sun	33
Aden	sun	28	Cebu	sun	28	Frankfurt	sun	18	Rangoon	sun	33
Algiers	sun	28	Delhi	sun	28	Glasgow	sun	18	Rangoon	sun	33
Amman	sun	28	Dubai	sun	28	London	sun	18	Rangoon	sun	33
Ankara	sun	28	Hong Kong	sun	28	Madrid	sun	18	Rangoon	sun	33
Bangkok	sun	28	India	sun	28	Moscow	sun	18	Rangoon	sun	33
Batavia	sun	28	Indonesia	sun	28	New York	sun	18	Rangoon	sun	33
Bombay	sun	28	Japan	sun	28	Osaka	sun	18	Rangoon	sun	33
Buenos Aires	sun	28	Korea	sun	28	Seoul	sun	18	Rangoon	sun	33
Cairo	sun	28	Malaysia	sun	28	Singapore	sun	18	Rangoon	sun	33
Canton	sun	28	Philippines	sun	28	Taipei	sun	18	Rangoon	sun	33
Cebu	sun	28	Saudi Arabia	sun	28	Tokyo	sun	18	Rangoon	sun	33
Colon	sun	28	Singapore	sun	28	Yokohama	sun	18	Rangoon	sun	33
Dakar	sun	28	Taiwan	sun	28	Zurich	sun	18	Rangoon	sun	33
Damascus	sun	28	Thailand	sun	28						
Dhaka	sun	28	Vietnam	sun	28						
Dublin	sun	28									
Edinburgh	sun	28									
Hankow	sun	28									
Hong Kong	sun	28									
Kobe	sun	28									
Kuala Lumpur	sun	28									
London	sun	28									
Lyons	sun	28									
Manila	sun	28									
Medan	sun	28									
Mumbai	sun	28									
Nairobi	sun	28									
Rangoon	sun	33									
Seoul	sun	18									
Singapore	sun	18									
Taipei	sun	18									
Tokyo	sun	18									
Yokohama	sun	18									
Zurich	sun	18									

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سكرا من الامال

PRIORITY



# Weekend FT

The great game fish is threatened on all sides. Tom Fort asks whether it is leaping to extinction - or swimming to recovery

## The longest journey for the noble salmon



**T**he great migration has begun. From the harsh seas of the north, the salmon are coming home to the rivers of their birth: to Russia and Asia, to Scandinavia and Iceland, to the British Isles, France, Spain and even the northern tip of Portugal, and along the northern Atlantic seaboard of America. It is one of the world's great, compelling journeys, that of the Atlantic salmon back to the flowing water where it metamorphosed from egg to alevin to tiny fry.

Those that complete the journey will have overcome man's greed, pollution, and the depredations of pirate fishing boats, which have threatened the king of river fish almost with extinction. However, this year there are heartening signs that in Britain the salmon is fighting back, helped, in some localities by growing pressures for conservation.

Only a few years ago, there seemed little hope for the wild salmon. Sentences had been passed in the 1960s, when the mystery of where the Atlantic salmon went after it left the rivers for the sea was solved. The discovery of its feeding grounds off the coasts of Greenland led to a murderous free-for-all by driftnetters.

Those that did make it back faced more netting in coastal waters, yet more netting in estuaries and rivers and then pollution, river obstructions, disease, poaching, and armies of anglers intent on their own depredations.

At least the angler knew what was happening and protested; for his love of the salmon is, in a way incomprehensible to outsiders, indivisible from the pursuit and killing of it. The rest of the world was largely indifferent. But in time, the anglers' cries of outrage were taken up by conservationists, and then found a wider audience. Wholesale netting at sea was outlawed by treaty, agreed between the countries which formed the

North Atlantic Salmon Conservation Organisation (Nasco) in 1984. Angling interests began to raise money to buy out estuary nets, setting a precedent for the North Atlantic Salmon Fund, the charity set up by the Icelandic Orri Vigfusson, which has secured moratoriums in the Faroes and Greenland fisheries in 1991 and 1994 respectively.

Economic pressures also began to turn in favour of the wild salmon as the salmon farming industry in Norway, Scotland and Ireland grew rapidly. The fish which had once been an expensive luxury

**One question remains: has the decline of the great salmon runs been caused by forces of nature?**

became cheaper than cod. Many people realised that the fish was worth more alive than it was in a tin or on a slab.

A glance at the catches for British and Irish rivers in 1994 provides evidence that a slow, faltering but unmistakable revival is in progress. A few Scottish rivers, notably the Conon and the Beaulieu, had record or near record seasons. Most of the acknowledged premier rivers, including the Spey, the Tay and the Tweed, held their own, without approaching the golden days of the 1960s and 1970s.

The top Irish fisheries, the Blackwater and the Moy, continued to be reliably prolific, while one or two English and Welsh rivers - among them the Eden and the Welsh Dee - gave notice that decline was not necessarily irreversible. Figures for the last four years suggest the salmon are return-

ing in increasing numbers.

But the fish are still beset by many dangers. For each river where the anglers were smiling, there was another where the air was heavy with lamentation. And there are some obvious general reasons:

□ The British government still refuses to stop the drift net fishery off the northeast of England, although drift netting was outlawed in Scotland and almost every other civilised country 20 years ago. The Irish government also refuses to stop its west coast fishery, which accounts for perhaps 300,000 fish a year which would otherwise reach English and continental rivers.

□ No action has been taken against industrial fishing for sand eels, which, instead of providing food for fish, are being turned into fertilizer, fish pellets, and heating oil.

□ No measures are being taken against the predations of cormorants.

□ The authorities, by bowing to public pressure to prevent the culling of seals, have allowed the seal population to grow rapidly.

□ The English Crown Estate Commissioners persist in granting licences to net returning salmon in the estuaries.

□ And salmon farming remains inadequately regulated.

In some places, notably Iceland and Canada, rigorous protection measures have proved that the decline of the salmon can be reversed. But in the southern Baltic the salmon has been virtually wiped out. Its survival in Portugal, Spain and France is precarious, pollution and hydroelectric projects (not overfishing) having wrecked so many of its nurturing rivers.

In a quarter of the rivers of Norway - a promised land for fishermen because of its super-

abundance of pristine water - the salmon has had to be exterminated because of an invasion by a parasite, *Gyrodactylus*, which devours the young parr. Norwegian fishing has also suffered from the side-effects of the vast, state-sponsored salmon farming industry.

Millions of these fish have been permitted to escape, and it is estimated that on many Norwegian rivers, 90 per cent of the salmon population originates from farms. No one knows what the impact will be of interbreeding between captive and wild stock - "genetic pollution". But it could be that the salmon's homing instinct will be impaired.

On the other side of Scandinavia is the almost virgin territory of Russia's Kola peninsula, which has replaced Norway as the salmon fisher's Mecca. Here, as Dr Malcolm Windsor, secretary of Nasco explains, the rivers have been left to themselves.

There is no pollution, no afforestation, hardly any people, no organised netting at sea, no restocking, no farming. Man has stayed his interfering hand, and the salmon flood in, providing fishing of incomparable quality. It is exploited with great care, according to the best conservation practices, for the benefit of Americans and western Europeans whose currency is properly appreciated.

The reverse side is a growing resentment among the local population at their exclusion, often brutally engineered, from their own heritage.

Although the slaughter on the high seas has been outlawed, it has been continued illegally by pirate ships, mainly Danish vessels red-flagged by the Poland or Panama authorities. The pirates have

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**NEXT WEEK**  
Rebecca Stephens climbs the highest peaks

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Joe Rogaly

## The little England team

Soccer hooligans have strange bedfellows under the national flag

**T**he principal attribute of football is that everyone has an opinion on it. In this it is like politics, only more important. We know the highest form of a classic discourse on soccer. The scene would play out at Covent Garden. You place your elbow against the bar, take a long draught, wipe the foam from your lip, open your mouth, and give forth words, some of them printable. It is in that spirit that I, a long-ago supporter of Arsenal but no frequenter of the grounds, try to make sense of the riot on the upper terrace at Lansdowne Road, Dublin, on Wednesday night.

Let us get the basics out of the way first. The thugs who forced the abandonment of the Ireland v England international were, it seems, English, although to what extent that rough-and-ready definition encompasses inhabitants of the Celtic fringes of the British Isles is unclear. This is not to say that there is no hooliganism in the stadiums of other countries. It has erupted most recently in Italy, where football is of such national importance that Silvio Berlusconi used his Forza Italia fan clubs and his TV stations as a springboard for his successful bid to become prime minister. France is not free of the affliction: nor is Germany. Yet I can find no convincing

general theory of football hooliganism, not one that covers all nations. Let us therefore confine today's barfly peroration to the British sub-species. Many though not all fans are young single men. One part of the scene would play out at Covent Garden. You place your elbow against the bar, take a long draught, wipe the foam from your lip, open your mouth, and give forth words, some of them printable. It is in that spirit that I, a long-ago supporter of Arsenal but no frequenter of the grounds, try to make sense of the riot on the upper terrace at Lansdowne Road, Dublin, on Wednesday night.

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He believes that training of football apprentices is hard, bullying, rough. This he-man attitude, he tells me, has long caused misunderstandings in international matches, going right back to Tottenham's visit to Argentina in 1909.

Explanations of this kind have been slogging about since Wednesday night. The two I have cited are not mutually exclusive. They add detail

**Where better than excitable crowds for neo-fascist cells to start trouble?**

to the general picture, which is of ill-taught and possibly unemployed young bloods gathered in excitable crowds. Where better for organised neo-fascist cells to start trouble? Professor Eric Dunning, of the Centre for Football Studies at Leicester University, says that the violence at Lansdowne Road was a coordinated and premeditated attack by a hard core of far-right wing activists.

"They have been involved in soccer violence since the 1970s and have seen football as a useful recruiting ground. It is

an ideal setting for an expression of their extreme racist/nationalist views," the professor is reported to have said.

We must pause here to note an irony. At the beginning of this week there was a flurry of political pronouncements about immigration. This was accompanied by much hand-wringing to the effect that the government could do nothing to stop the wicked Europeans from tearing down the passport controls that protect these islands from an imaginary flood of people who long to live in Europe's rain-soaked offshore islands.

The primary source of this supposed influx was typically given as eastern Europe, but that was a thin disguise for what was truly being said. We know what that is. For "immigrants" read black or brown entrants to Britain.

The border-control scare was puffed up by the Tory tabloids. That is what is now so ironic. The newspapers that banged the nationalistic drum on Tuesday and Wednesday screamed in shock and horror when they reported the effects of ultra-nationalism, anti-foreigner hatred, and extreme chauvinism on Thursday and Friday. As an outburst of xenophobia the entire episode was pretty standard stuff.

It was probably not strong enough to upset the undocumented British concordat on

race relations, the one rarely spoken of but concluded many years ago. The invisible signatories are the average voter and the leaders of the mainstream parties. Its terms are that immigration will be curtailed, in return for which good race relations will be fostered by the government of the day. The prime minister alluded to it in the commons on Tuesday.

This phantom agreement could be destroyed by repeated assaults upon its terms. I am not saying that the Sun ("Sick Scum") or the Daily Mail ("Back in the Gutter Again") are insincere in their headline condemnation of the disgraceful behaviour of some England soccer "fans" in Dublin. These papers were clearly as horrified as anyone at what happened.

What puzzles me is that those right-wing Conservatives and their supporters who pull the flag tightly around themselves apparently fail to see any knock-on effect down-market. An elegantly-written speech or article by this or that Tory MP would not scan if chanted on the terraces, but its import, heard by foreigners, would sound familiar. Which MPs? You and I and they know who they are. Patriotism is honourable, in moderation, but those who profess it should not allow it to run to excess.



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PERSPECTIVES

Minding Your Own Business

# Learning to put the best face on things

Stephen Court on the ups and downs of a stage make-up school

At first glance, Julia Crutenden appears to be running a dental laboratory. Plaster moulds of gums and teeth litter the tables. But then there are the foam rubber noses, the humps of gelatine scar tissue and the latex head caps. Upstairs there is hair: wigs of every description, and beards and moustaches made of yak hair.

Crutenden is the principal of Greasepaint, a school of stage, television and film make-up. The name is appropriate. The place is pervaded by the warm oily smell of theatre dressing-rooms.

The main courses run by the school, which is based in west London, are in make-up, hair styling and prosthetics for stage and screen. There are also courses in make-up and hair design for fashion modelling. The school has plans to teach body-painting.

Crutenden, who is 56, trained at the Leichner make-up company before joining the BBC as a make-up artist. She says: "I left the BBC to start a family. The teaching started when I went round the country giving lectures on make-up."

Crutenden began Greasepaint with one other teacher in 1979. The school initially ran three six-week courses a year with places for five students on each course.

Overheads were low, and Crutenden did all the administration. She says: "You have

got to have a lot of energy and be prepared to work all hours at the beginning."

The classes were held at the Queens Theatre in Ealing which charged rent of around £175 a week. Fee income was £4,500 in the first year. The school did not make a profit until the mid-1980s.

One of the main costs in the early days was make-up kits for the students. The basic kits, which cost about £300 each at today's prices, were provided for each student by the school. Crutenden says: "Make-up would be borrowed by students and not returned. For every course we replenished the kits. We lost thousands of pounds." The cost of kits is now included in the course fees.

When Greasepaint began outgrowing the theatre, Crutenden looked for bigger premises. After two years, she found the ideal site - a former joinery workshop with its own courtyard. She took a 15-year bank loan of £300,000 in 1989 to buy and convert the two-storey building into a school with individual dressing-tables for the students, an oven for making prosthetics moulds and a television studio where students could test their make-up designs under stage lighting.

Taking the loan was a daunting step for Crutenden, who was the sole borrower. "The bank said the money was all on my head. They made me have an extensive medical. Being physically fit stood me



Painting school: Julia Crutenden with Elizabeth McCarthy who has come from New Zealand to take a course at Greasepaint

Tony Andrews

In good stead," she said.

The school has about 45 students a year on the three main three-month courses. There are also weekend introductory courses, fashion courses and private lessons.

Turnover was £209,000 in

1992-93, with a pre-tax profit of £16,000. The main items of expenditure were staff (£93,000), printing, postage, stationery and advertising (£31,000), loan repayment (£28,000), and materials (£18,000).

Crutenden says her school has grown because of the intensive nature of the teaching and the range of modular course it offers. The most worrying time was in early 1993 at the tail-end of the recession when student numbers dropped by two-thirds. Since then, numbers have recovered.

In response, Greasepaint started an employment agency for make-up artists, and began providing make-up artists for wedding ceremonies. Greasepaint also hires out wigs, beards and moustaches to production companies.

Greasepaint has five regular teaching staff, employed on a freelance basis. Choosing teachers can be a problem. "Someone who is a brilliant make-up artist is not necessarily a brilliant teacher," says Crutenden.

Students come from Britain and many parts of the world, including the US, Australia, Russia, India and Iceland. About half the Greasepaint

students are recruited through personal recommendation, the rest through advertising.

Fees for the three-month course are £6,000, which puts studying make-up on a par with the cost of training to be a doctor or dentist. The staff to student ratio is low, and materials are a big part of the outlay. Students can apply for a career development loan from the Employment Department.

A number of alumni have gone on to work for regional and national theatres, and for BBC and Sky television. For Crutenden, the greatest reward comes from seeing former students make successful careers: "I recently watched two programmes on television in one evening for which the make-up was done by former students of mine. I was delighted to see they are doing well - and it's also very good for the school."

Greasepaint 143 Northfield Ave, London W13 9QT. Tel: 0181-840 6000

# Books for beginners

Peter Robinson offers an easy way to keep track of your company

Of the hundreds of businesses which start up every year, a large proportion are destined to fail - leaving their proprietors scratching their heads as to what went wrong.

Time and again the failure of a business is due to poor financial control - or no control at all - and a lack of awareness by the management of the company's true financial position.

Many self-employed people and proprietors of small businesses find themselves in financial trouble simply because they do not keep proper financial records.

Accountancy is for accountants, book-keeping is for book-keepers, but the recording of business transactions is for everyone in business.

For the self-employed and for proprietors of small businesses, these transactions can be entered in a standard analysed cash book, petty cash book and perhaps a day book.

The next stage is to transfer the totals of these columns to a form like the one shown below. I call this report a "Robinson Report" which I give to my clients at the end of each month.

You can see that it has most of the financial information on it needed to see how the business is performing.

Most people in business - from the self-employed to proprietors of small to medium sized businesses will be able to work out from this report what their current cash position is.

They will be able to see how much money they owe and how much is owed to them and for how long. They will also be able to see what profit or loss the business has produced, the percentage of gross profit and net profit on turnover as well as other important financial information.

All this information can be gathered by people in business who have not had any previous book-keeping or accountancy experience whatsoever. If a person can write out a cheque they can enter this amount in the appropriate column in their cash book.

If you examine this report at the end of each month, you will be able to see how the business is performing.

First, look at the turnover and gross profit. Was there sufficient gross profit generated to pay for all of the expenses? Was the percentage on turnover high enough, and how did it compare with similar types of businesses? Next, examine the expenses and see if they could be reduced.

Then look at the net profit or loss. If it is a profit, is it enough for the proprietor to

make a living? If it is a loss - what are the reasons? Is the principal drawing too much money out of the business and starving it of funds? And so on.

Owners, or their managers, should make out this report themselves (at the end of every month) and not wait for their accountant to draw up a profit and loss account and balance sheet at the end of the trading year. You need to know what is going on now, not what took place 12 months ago.

Close examination of this report will allow you to spot any danger signals and give you time to correct them or seek advice on how to correct them before they develop into serious problems. You need to monitor what is going on now.

A report like this would be very useful to bank managers and others who have a vested interest in their client. It could be a condition of a loan or an overdraft facility that the bank receives such a document at the end of each month.

For some reason, there are people who have an absolute aversion to any sort of book-keeping. If you are one of these, I suggest you contact a qualified book-keeper to do this job for you. For the self-employed or small company, the cost of this service should be minimal.

■ Peter Robinson advises small companies on setting up and book-keeping. His booklet Who needs an accountant? DIY accounting will be published by Zebra Printing, Zebra House, 15 Broad St, Bury, Lancs, BL9 0DA in April for £4.95

## ROBINSON'S REPORT

ABC WIDGETS	
1994	£
June Sales	11,195.20
Less Purchases	3,186.71
Gross Profit	8,008.49 (72%)

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Rates	208.64
Phone	166.81
Electricity	185.05
Motor Expenses	178.92
Advertising	280.00
Insurance	183.00
Wages	2,400.00
Bank Charges	38.32
Stationery etc	18.36
Total	4,048.74
Net Profit	3,969.75 (36%)

VAT Liability for June	1,280.21
Debtors	3,500.00
Creditors	1,218.88
Stock	3,000.00
Drawings	2,000.00
Bank Opening Balance	15,948.92
Bank Closing Balance	14,588.70
Capital Items Purchased June	30.00
Capital Items Sold June	30.00

This report should be set up in a style suitable for your company, with scope for adding items as appropriate. It can then be photocopied or computerised.

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## PERSONAL

Mr and Mrs Barker of the British High Commission, Islamabad, Pakistan, are delighted to announce the engagement of  
**Fiona Found**  
to  
**Mr Nigel Bicknell**  
of Croft Cottage, Henfield, W. Sussex

# The folk star and the Tiger

Laura Silber on the fairytale nuptials of a Serbian couple



Ceca and Arkan, whose marriage has enthralled Serbia

Rex

Dressed in a teal suit, the diamonds on his gold Rolex watch gleam as he leans over his glass of milk to kiss the bright red lips of his fiancée.

They are arguably Serbia's best known couple. Their nuptials this weekend are the most talked about ceremony in recent memory.

Move over Charles and Diana. It's Arkan and Ceca. His real name is Zeljko Raznatovic. He calls himself a businessman, with interests ranging from a London-based company (the identity of which he will reveal when United Nations sanctions on the former Yugoslavia are lifted) to oil wells in Serb-held eastern Croatia.

Baby-faced Arkan, 43, is better known in his other incarnations. In Belgrade, he first came to public notice as head of the fan club for the Red Star football team. Promoting a brand of militant popular nationalism, he was elected a member of parliament.

But Arkan is mostly feared as the leader of the most feared Serb paramilitary unit, the 'Tigers', which fought in Croatia and Bosnia. Arkan says he did nothing wrong in the war. "I killed a lot of people in a fair fight, soldier fighting against soldier."

Abroad, however, he has been named as a suspected war criminal. Lawrence Eagleburger, US secretary of state, in December 1992 added Arkan to his list of potential war criminals. The international tribunal on former Yugoslavia in The Hague, according to diplomats, is expected to charge him soon.

He is already on Interpol's wanted list for bank robbery and murder in Sweden. Before the war he had allegedly worked for the Yugoslav secret police, and although Arkan denies he ever worked for state

security, he is often seen in the company of its personnel. "They will ask why you are marrying a war criminal," he tells the lovely Sredana Vukovic, nicknamed Ceca, who is half the age of her betrothed.

"My wife," says Arkan, "is Serbia's number one folk star." Since the violent disintegration of Yugoslavia, a repetitive blend of folk, oriental and canned music has taken Serbia by storm. Indeed, it has completely superseded any other form of music. Out of hundreds of stars, Ceca has become the object of desire for Serbia, where videos of sparsely-dressed women, with moves that would make Elvis Presley blush, dominate television screens.

For her, says Ceca, it was love at first sight. They met in 1993 when she joined a galaxy

of stars to promote Arkan's Party of Serbian Unity. His bid for re-election failed in spite of the flashy campaign.

Her almond-shaped eyes deny the vows to bear five children to add to his flock of seven. They coyly dismiss rumours that the festivities will cost £500,000 (\$775,000). Arkan says he does not know how much it will be. The wedding is a gift from his friend Giovanni di Stefano, an Italian financier who moved to Belgrade.

A convoy of 40 pick-up trucks and two buses will set off at sunrise tomorrow to Ceca's village in southern Serbia. Wearing national costumes, Arkan will ask for Ceca's hand in marriage. According to Serbian tradition, he will shoot an apple off the roof of her family house. "It is

traditional to use a rifle. But I am better with a gun," he says. The groom's party will purchase Ceca from her father for an unspecified amount of gold pieces.

Later in Belgrade, at the church wedding, Ceca will wear a dress copied from one worn by one of her idols - Vivien Leigh in *Gone With the Wind*. Afterwards, 600 guests will be treated to a banquet at the InterContinental Hotel.

In isolated and warped Serbia, Arkan and Ceca are a model of how to prosper in spite of everything. They do not smoke or drink in a country where cafés are a way of life. Their smiling faces are splashed across the Serbian media.

Ceca appears unperturbed by her betrothed's past - and his present. They arrive for lunch surrounded by bodyguards. He has built a fortress across the street from Red Star stadium, three storeys high. Unconfirmed reports say there are at least as many storeys below ground, in which to hide out if the state turns against him. Along the way, Arkan has made a few enemies.

He says he has no worries. "When I lay my head down on my pillow, I fall asleep." Arkan sits in an office surrounded by six screens monitoring his house from different angles. "He has variously claimed the newsworld will honeymoon in Brazil or Mexico. He ignores the threat of international warrants, insisting he can travel abroad whenever he wants."

Arkan and Ceca are a burst of colour in monochrome Belgrade. They ooze wealth in a land where, after three years of waging war and UN sanctions, most people are struggling to make ends meet.

"We have to live under sanctions, but we have to be happy," says Arkan. "They can impose sanctions on Serbia, but they cannot impose sanctions on our hearts."

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## PERSPECTIVES

The Nature of Things

## Roses are red, if robots only knew

Consciousness is impossible to measure, but there are still ways to investigate it, says Andrew Derrington

When I was an undergraduate in the early 1970s, consciousness was not part of the scientific curriculum. This was not because it was considered uninteresting. It raises lots of fascinating questions. The problem is that consciousness cannot be measured.

For example, what is the event in my brain that makes me aware of a red rose, or indeed of anything else, when I see it? Can our behaviour be influenced by messages we receive, but which do not reach our consciousness, such as subliminal advertisements. If we could program a computer to see red roses, and to distinguish all the other things of which we can be aware, would it be conscious?

Consciousness does not produce data and you cannot predict anything from it so you cannot embody it in a respectable scientific theory. Until recently, the only experiments

on consciousness were of a strictly informal kind.

Consequently, I was surprised to discover that at the Royal Society, temple of the British scientific establishment, some of the high priests were going to brief the press about contemporary scientific work on consciousness. Even more surprising, the chief celebrant was Jeffrey Gray, my former tutor, now at the Institute of Psychiatry, I had to go.

The high priests seemed to be from three sects, each seeking the path to an explanation of consciousness by tackling a different question.

Gray's approach is to study the events in the brain that

are associated with conscious perception.

In the 1970s, breakthroughs in this area were being made by analysing the activity of single brain cells in animals, and by tracing their connections. One type of brain cell signals the readiness of the rose by increasing its activity. Different colours are signalled by different groups of brain cells. The circuits containing these cells can be traced through the brain. But we cannot link consciousness with any specific part of the circuit.

New techniques for imaging brain activity, such as positron emission tomography (PET), make it possible to

trace the same circuits in humans, although activity is monitored region by region instead of cell by cell.

Larry Welsch, of Oxford University, follows the same path as Gray by studying a phenomenon called "blindsight" in which people with brain damage in the area that relays visual information can discriminate between stimuli without being aware that they see anything. Such patients can reliably distinguish colours, but they think they are guessing. Most of their visual perception is unconscious.

The next step is to use PET scans of blindsight patients to distinguish the difference

between the brain events in conscious and unconscious perception. However, there is no guarantee that this will allow us to tie down consciousness itself, rather than some event in the brain that happens to be correlated with visual awareness.

Experimental psychologists who study the way humans process information, and the difference between conscious and unconscious processing, were represented by Max Velmans of Goldsmiths' College, London.

Their path is to study the way we process information that fails to reach consciousness because we devote no

attention to it. For example, until you read this sentence you are probably not aware of the pressure of clothing on your body. By studying how conscious awareness changes our ability to process information, we may reveal the function of consciousness.

It turns out that we do process information from unattended events. For example, we may hear, and understand, our name if it is mentioned in a conversation that we are completely ignoring, thus demonstrating that we had processed some information from the conversation without being aware of doing so. However, consciousness may

not be an "all or none" phenomenon. We cannot be sure whether the partial understanding we show when we do not attend to something is because we process information unconsciously, or because we are partly conscious of the things we choose to ignore.

Steven Harnad, of Southampton University, recommends a radically different approach, which he terms "reverse engineering". Instead of trying to work out what it is about our brains that makes us conscious, we should be trying to engineer a robot that can mimic our behaviour. By building what he calls a T3 robot, a sort of Robocop that is

functionally indistinguishable from a human, we will have solved the problem of consciousness.

However, Harnad says that even when we have such a robot, we will not have any way of knowing whether it is conscious.

Of course, to be functionally indistinguishable from a human the robot would have to tell us that it is conscious, but unless building the robot teaches us what consciousness is, we will have no independent way of checking. However, even this problem is many years in the future. The best of today's robots bear no comparison with humans.

I was left with the firm conclusion - shared I think both by the high priests and by the heretics - that none of these paths to understanding consciousness is certain, and all are very long. The author is Professor of Psychology at the University of Nottingham.



Rough Justice: at the Peterloo Massacre in St Peter's Fields, Manchester, in 1819, 11 people were killed when cavalry charged into the crowd in an attempt to disperse it

## Guilty in defence of the law

British soldiers are merely ordinary citizens licensed to carry guns, explains David Hawkins

The advertised *Panorama* programme was dropped recently by the BBC and replaced by a studio "trial" of Private Lee Clegg, the soldier jailed after a Belfast shooting incident. The issue was not his guilt, but whether he should be released.

The studio "jury", drawn from all parts of the UK, voted by 67 votes to 44 that he should be freed. Petitioners for his release have attracted more than 1m signatures, and about 100 MPs have declared support for Clegg's release on licence. It is clear that Clegg's case of is still an emotive issue.

On the night of September 30 1990, a car carrying joyriders crashed with headlights blazing through an army checkpoint in Belfast. Fearing the car was carrying terrorists, Clegg fired three shots as it went by, but he also fired a fourth into the back of the car that had passed. Killing an 18-year-old girl. The court decided that firing after the car had passed could not be construed as self-defence and that in killing the girl, Clegg had committed murder.

The car contained joyriders. But even if the bullet-riddled vehicle had contained armed terrorists, the offence would technically have been the same. British laws on the actions that endanger life are strict, even when the army is involved.

The problems of using soldiers for policing duties has bedevilled the British judiciary since the days of Oliver Cromwell, who maintained control of the country through the army. When the Restoration Parliament took over in 1660, there were fears that another Charles I or another Cromwell could seize power, and it was decreed that only parliament should control the use of troops within the British Isles, and that soldiers could be used against civilians only under orders from magistrates.

In recent times this has been taken to mean that soldiers can be used only under the control of the civilian police - comparative newcomers to British society.

mainstay of law and order, but soldiers were trained to kill, and the rapid growth of urban industrial society meant that their use would become controversial.

The first really noteworthy case involving the use of troops against civilians occurred in Edinburgh in 1793, and a precedent was set that leads directly to the dilemma of Private Clegg.

Captain John Porteous was faced with a hostile and dangerous mob when he supervised the execution of a notorious, but popular, smuggler. He ordered a volley to be fired into the crowd and several people were killed. He claimed that he had averted a serious situation, but he was arrested, tried, and sentenced to death for murder. A royal regicide soon arrived, but the citizens of Edinburgh took Porteous from his cell and hanged him from a lamp post.

This conditioned the attitude of officers and men, and when the Gordon Riots began in London in 1780, the Guards regiments and cavalry stood by while the anti-Roman Catholic mob destroyed private and public property, emptied the prisons and eventually threatened parliament itself. Most magistrates had fled and without their orders the troops would not risk taking action. Only when George III issued orders on June 6 did the troops move in and shoot to kill.

On June 9 the riots were over. There were 200 dead and 2,000 injured. Why had the troops not fired at all? Had they acted illegally? It was decided then that the troops had acted within the law and that the King was justified in assuming his role as chief magistrate.

The Lord Mayor of London was prosecuted for not taking command of the troops and the riots established a precedent for future events.

In 1793, the Wolfe Tone rebellion in Ireland plunged the country into a bloody many-sided civil war in which, hastily raised regiments, recruited from the dregs of society, were sent over to impose law and order. This proved to be virtually impossible. Irishmen would not become magistrates and juries would not convict. This situation was echoed when Private Clegg was tried by a judge sitting



Private Clegg: a piece in history

alone because the jury system had been suspended in Ulster for the previous 23 years.

Before that, the magistrates' courts had fallen into disrepute. "Shot while trying to escape" had become a suspiciously widespread defence, and even when soldiers were accused of murder, the magistrate was often one of their own officers or a *nolle prosequi* was granted, an entry on the court record denoting a stay or abandonment of proceedings. There have been suggestions from several quarters that this would have been a useful way out in the Clegg case.

Like the leaders of the Irish insurrection of 1916, Wolfe Tone was tried by court martial and sentenced to death. However a civilian may not be tried by a military court no matter how much bloodshed he has caused, so the High Court quashed Tone's conviction and declared the trial illegal. An hour before he would have been hanged, he cut his own throat.

Tone's rebellion resulted not only in the Act of Union of 1800 but also in the formation of the Royal Irish Constabulary in 1819. This civilian police force prevented much further trouble

in Ireland and the army had to act under its jurisdiction.

His descendant, the Royal Ulster Constabulary, is technically in charge of British military operations in Ireland, and its officers were on duty at Clegg's ill-fated road block. One officer subsequently gave evidence against him.

On the British mainland in the last century, there were several examples of the mismanagement of troops when dealing with mass gatherings of civilians. In 1819, at St Peter's Fields in Manchester, the local magistrate tried to disperse a large crowd listening to a popular agitator, Orator Hunt. Cavalry were ordered to force a lane through the crowd to arrest Hunt, and 11 people were killed in a slaughter to become known as the Peterloo Massacre, in reference to the recent battle of Waterloo.

Worse than the Manchester massacre was rioting on the eve of the Great Reform Bill in 1831. In other cities the new police forces were successful in dealing bloodlessly with the rioters, but Bristol had no police force, and for days the cavalry simply walked their horses around the mob, which was burning and looting at will. The Recorder of Bristol had fled, and not until some magistrates issued a clear and unambiguous order to charge and kill did the troops act. About 100 people were killed.

Colonel Brereton, the officer in charge of the troops, was court-martialled for not having acted quickly at the start of the riots. He shot himself before the verdict. The mayor was charged with neglect of duty in not taking over the troops, but was acquitted.

The growth of police forces in the latter 19th century pushed this problem into the background. As early as 1848 the Duke of Wellington probably averted a revolution when he used the "Bobbies" to deal with the vast crowd of Chartists assembled south of the Thames. But he had filled London with troops, skillfully keeping them out of sight. They were there to kill, if necessary.

During the 1896 general strike, the army was ready to intervene to support the civil authority - with tanks if needed. But the troops that Churchill sent to South Wales were dispatched

only because local magistrates had made a case for sending them.

The British army is recognised worldwide as one of the most experienced when dealing with insurgents, and handling civilian populations during the transfer of power, for example in the retreat from the Empire. But no problem can be greater than that faced by the army in Ulster.

There they find guerrillas who speak the same language, who share a common culture and who are protected by the law. This says that force sufficient to kill may be used only when another life is threatened. It is debatable whether a soldier is allowed to shoot a sniper who has just killed one of his patrol if his own life is not in immediate danger.

In 1885 A.V. Dicey published his *Introduction to the Study of the Law of the Constitution*, which became the standard work on this subject, and in it he defined the role of the soldier when acting against British civilians. There can be no martial law in Britain as this would mean the suspension of ordinary law and its replacement by military tribunals. Soldiers cannot imprison miscreants or punish them. They can arrest a wrongdoer but have no greater powers than other citizens.

A soldier is, in fact, a civilian in uniform licensed to carry a gun, which he cannot use except in clearly defined circumstances. No soldier can plead the command of a superior in self-defence, not even the command of the crown.

Everyone, soldier or civilian, has the right to repel force with force, but it must be appropriate force. Soldiers and civilians have a duty to deal with a breach of the peace (such as stopping a car driven by joyriders) and they can be prosecuted for not doing so. But there are no exemptions regarding conduct while upholding the law. It is therefore possible for a defender of order to be prosecuted if he breaks the law while so doing.

That split second with the finger on the trigger is hardly enough time to reflect on Dicey's exposition of the law, but long enough to be guilty of murder.

Private Clegg can at least console himself that he is assured of a place in British constitutional history.

## Letter from Little Rock

## In hot water - just like Clinton

Sue Nelson samples a spa and goes on a 'scandal tour' in Arkansas

You're welcome to stay in Little Rock," a friend said hesitantly. "But I'll warn you now; there's nothing to do here." Luckily, at the airport, her opinion had changed. "Get into the car," she said cheerfully. "We're going on a scandal tour."

Bill Clinton certainly made an impression on Little Rock during his 12 years as Governor of Arkansas, but not, perhaps, the one he had hoped for. Not surprisingly, the Convention and Visitors Bureau pointedly ignores the sleaze. Little Rock, the brochures state, is simply "the President's home town."

Only the Arkansas Democrat-Gazette, it seems, knows what really interests visitors. So, responding to popular demand, the paper recently published its own sightseeing agenda: Little Rock's Scandal Tour.

There are 11 points of call, including, naturally, several hotels. The Riverfront Hilton Inn, for example, is where the rock groupie Connie Hamzy allegedly entertained the future US president. A claim, like all others, hotly denied. Meanwhile the Excelsior is where Bill Clinton supposedly tried out his seduction technique on Paula Jones, who has since filed charges for sexual harassment.

Then there is Quapaw Towers, the high-rise apartment block where Jennifer Flowers, alleged to have been the president's lover, used to live.

But not every landmark on the tour involves sex. Hillary Clinton's old workplace, the Rose law firm on East Fourth Street, is also where Vincent Foster worked before committing suicide during the Whitewater affair.

Even the Gazette has a role to play. Its former home, now an empty building on Third Street, served as Clinton's campaign headquarters in 1992 - where \$4.1m in federal funds were allegedly mispent.

It is just as well I bought the back issue containing details of the scandal tour because there is not much else to do in Little Rock. Amazingly, considering a population of about 2.5m, there is no downtown area of restaurants, shops or bars. Socialising seems to take place either outside Little Rock or inside hotels - which explains a lot.

No wonder I hired a car and escaped to Hot Springs, a town originally discovered by the Indians, who named the area Valley of the Vapours after finding 47 thermal springs.

It was, however, not until the turn of the century that Hot Springs capitalised on its natural assets, when a firm of Little Rock architects wanted Hot Springs to become America's answer to Baden-Baden. It built most of the eight spas along Bathhouse Row - and all still stand today.

The Fordyce spa is now a visitor centre. There is an assembly room, gymnasium and beautifully coloured glass ceiling overlooking the men's bath hall, depicting Neptune's daughters. During the 1930s, Al Capone visited the bathhouses for mercury rubs - then considered a treatment for syphilis. Capone, according to one former attendant, was "a good tipper".

Today only one spa remains open for its original purpose: the Buckstaff, first opened in 1912. So, naked apart from a white linen drape, I follow the

attendant, Gwendell, through the Buckstaff women's bath hall. I had bought a thermal mineral bath with whirlpool and massage for just \$25.

Gwendell enters a cubicle containing a large full bath with various metal pipes: one to monitor the temperature, another to activate the whirlpool and a third to fill the tub. "This is pure natural spring water, ma'am," Gwendell says. "We do nothing to it apart from reduce the temperature."

I sit in the bath and am immediately frisked by Gwendell's flannelled hands. She then balances four paper cups full of warm water by the side of the bath "for if you're thirsty", switches on the whirlpool and leaves me soaking for 20 minutes.

Afterwards, she leads me to a small sink at ground level. Assuming it was a footbath, I go to step inside. "No ma'am," Gwendell says with a smile. "It's a sitz bath. You sit in it." I lower my bottom gingerly into a pool of warm water. "It's good if you've got problems down there," she adds, modestly nodding towards my nether regions.

The vapour cabinets remind me of sauna scenes in gangster films

The vapour cabinets remind me of sauna scenes in gangster films

films, where hoodlums smoke cigars and discuss hits among the steam. I am visible from the street, like a boxer's head on a metal plate. "You'll be here for two minutes," Gwendell says. I am timed to perfection and meekly taken to a row of tables where women lie shrouded in linen. A cool flannel cools my forehead and hot packs wring my neck and shoulders before I too join the dreary relaxed corpses.

I awake when Gwendell removes the flannel. A tingling needle shower removes any dried perspiration and one of the "massage technicians" completes the bathing package. The whole experience is sublime - better than Baden-Baden - and more relaxing than any spas I have frequented in Budapest.

Outside, in shop windows, I notice the ragged silhouettes of razorback hogs. They are practically an emblem in Arkansas and lead their name to the state football team. "Go hogs go," a sign says, besides a President Clinton mug.

There are pictures of Bill everywhere because Hot Springs, like Little Rock, is, of course, a presidential hometown. Yet there is really no need for Hot Springs to exploit the Clinton connection because the bathhouses are an attraction in themselves. Little Rock, I am afraid, even with a Scandal Tour, is simply trying to make a silk purse out of a razorback's ear.

Dresden The archive photograph which was published on February 11 as "Dresden in ruins" was in fact from San Francisco after the 1906 earthquake. The error resulted from incorrect captioning by the agency which supplied the print.

Books for beginners

star tiger



## HOW TO SPEND IT/FASHION

## A brief history of the unmentionable

Lucia van der Post uncovers the bold new world of men's underwear and finds out who is wearing the latest trends

Maybe, it is time to grab a strong drink, hold on to your chairs and take a deep breath. Men's underwear, for many years banished into the world of "unmentionables", is becoming more extroverted.

It was Calvin Klein who started the trend in 1983, when he had the happy idea of taking underwear "beyond the classic and the predictable, giving it more meaning" and found he had tapped into a goldmine.

That first year he sold \$70m worth of fly-front boxer shorts, briefs with white elastic bands and T-shirts, and last year he sold the company for another \$70m to Warnaco, the US manufacturer of up-market underwear. It was no wonder the world took note and other designers decided they, too, would do fancy things with elastic bands and Y-fronts.

At first it seemed mainly the gay market that embraced this bold new world of underwear and most of the advertising and slogans had a strong homo-erotic tone. Then along came Nick Kayman, taking off his Levi's in the laundrette, and cotton boxer shorts moved into mainstream men's fashion.

So today, young men (mostly aged between 18 and 35) go clubbing with the waistbands of their underpants clearly visible above the top of their jeans - after all, if you have spent between £25 and £50 on Armani, Versace or Dolce e Gabbana you want somebody other than your partner to notice. They wear vests as if they were T-shirts, either on their own or under an open-necked shirt (the Paul Smith version with the high-cut V-neck, says Harrods, is the hip vest of the well-heeled set).

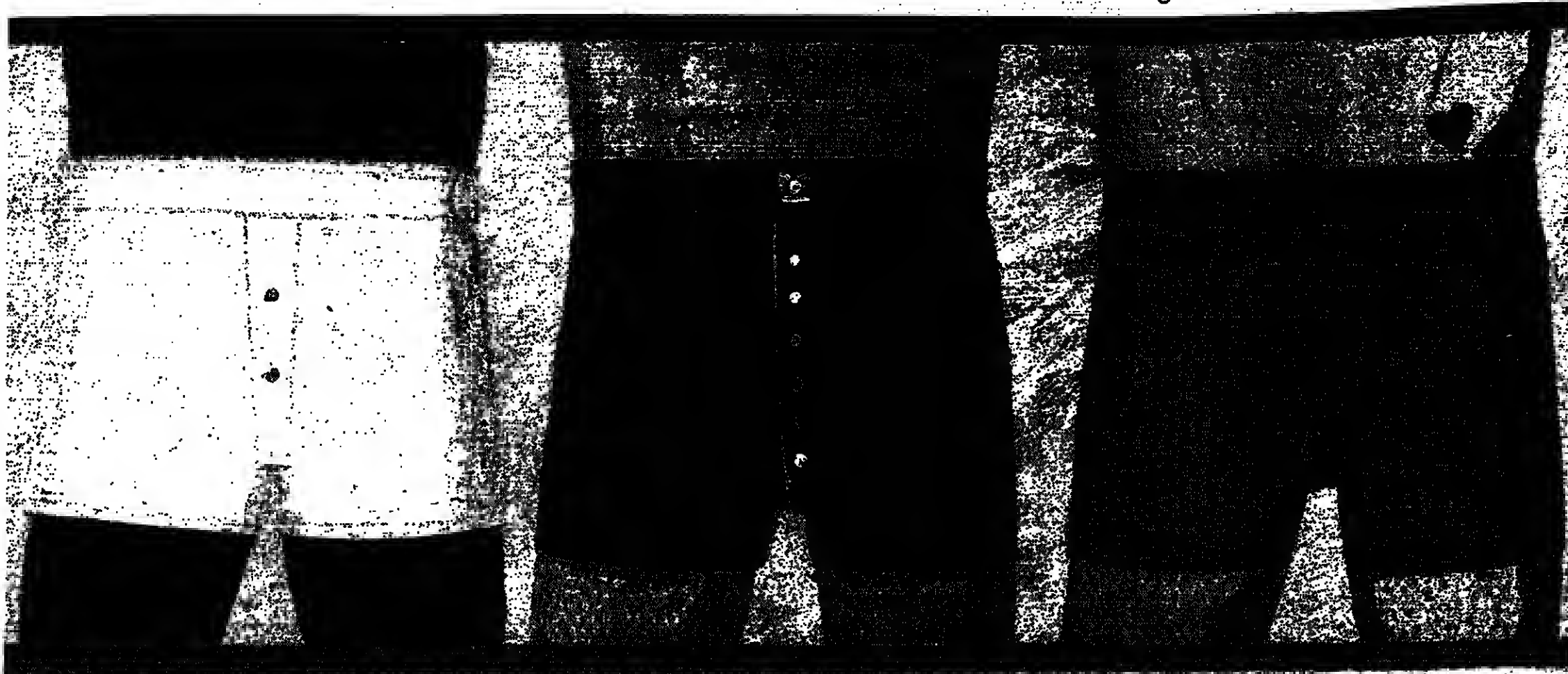
Men's underwear, as women did before it, is coming out into the world of high fashion. The language, familiar to followers of female underwear, such as VPL (visible panty line), control, support, underwear-as-outer-wear, has been taken up by the designers and makers of men's underwear. Their reward has been to see sales rise by about 14 per cent since 1988 and to be worth \$205m in 1993.

Ask a manufacturer in the men's underwear business about the effects of the recession and his reply is likely to be "what recession?" Paradoxically, it seems to have helped them - those who cannot indulge in a new suit, turn instead to long-legged shorts or a simple grey-marl vest which doubles as a T-shirt, all of which cost a fraction of a designer suit.

To those accustomed to buying plain white Y-fronts and whose idea of adventure on the underwear front is to wear the pair of boxer shorts that Santa brought, spending £25 or more on a designer label which most of the world will never see seems mad. But today, adventurous design is available even in the high street chains.

At Marks and Spencer, for instance, where 30 per cent of British men's underwear is bought, Sean Croxall, senior selector, says younger men ("mainly," he says, "the 25 to 35-year-olds who are still looking for a mate") are buying more and buying more adventurously.

Sales are split evenly between classic and "designer" lines. This year, says Croxall, "the young hip set will be going for a 1950s-inspired, short-legged trunk which is a hoxo shape, rather like old-fashioned swimming trunks - a shape that would be unwearable without Lycra." "Whereas in Victorian times those long-legged shorts would have drooped and lost their shape and their aesthetic appeal, with Lycra



From left to right: plain white Sloggi short-legged trunks, 96 per cent cotton, 4 per cent Lycra, £13.75. Black maxi-briefs by Hom, 100 per cent cotton, £20. Grey knitted boxer shorts in 81 per cent cotton, 14 per cent acrylic and 4 per cent Lycra, £5.

Drawings by Chris Brown



Black cotton-Lycra T-shirt body by the British underwear designer Mark David Tomlin, £29.99



Grey Les Cuites body by Hom, 80 per cent cotton, 20 per cent acrylic, £50



The penitentiary look - here, by Hom in red and ivory, or blue and ivory stripes. Made in 100 per cent cotton, the vest is £20.50, the boxer shorts £22

they fit properly, give control and support and look just as good after they have been through the washing machine a few times."

Eighteen months ago Marks and Spencer even introduced "the body" - the all-in-one garment that women were daft enough to succumb to but which men have refused to embrace. "It did quite well to begin with," says Croxall, "but sales have now... well, plummeted out."

New fabrics and technology - not to mention, the lure of profits - have enticed almost every designer into the underwear market. Even though it is possible to buy this year's short-legged, low-waist-banded

boxer for just £6 at Marks and Spencer, there are those who will wear nothing unless it has a designer name - even if that sends the price-tag soaring to £25.

From Armani and Versace to Dolce e Gabbana and Britain's Paul Smith, all have produced their own lines.

At Harrods, paying £45 for a pair of underpants is not unusual. Last year the store had little trouble selling silk boxer shorts by Versace at £169 a time or Nicole Miller's versions at £58. Dolce e Gabbana, which is at the cutting edge of acceptability, is experimenting with little tranches of lace - and its version of the all-in-one still sells.

Many of the designs have been influenced by authentic sportswear (the sea, the gym, the boxing-ring, skiing) and, indeed, the barriers between underwear and outer-wear are becoming blurred.

The new underwear is making public appearances in the gym and at the swimming baths. Much of the appeal is that it can lead a double life - a vest can double as a T-shirt, while firm yet comfortable knitted boxer shorts have been known to pass for swimwear.

Sales of vests have been disappointing as younger, fashionable men tend to go vestless. But there is now a skintoned vest that can be worn underneath white or semi-transparent shirts and not be seen.

Once a chap gets used to these new-style undergarments - and many of the older wearers are apparently introduced to them by their sons - he tends to become a fan. The fabrics, usually varying combinations of cotton and Lycra, are more comfortable and cooler to wear: and where the old boxer shorts used to ride up or bunch at the top of the leg, new-style boxers fit snugly.

And, most significantly, even said Englishmen who traditionally never worried about their underwear and waited for their wives or girlfriends to buy it are sometimes seen buying their own.



Working out in vest and briefs by Sloggi. Made from 97 per cent cotton, 3 per cent Lycra, the vest comes in white or black and costs £17.75, the briefs, £10.50

## Craftsmen with designs on change

Anybody interested in the changing role of the craftsman in today's world should hurry along to an exhibition of furniture at the Crafts Council in London.

Here, exemplified in 70 pieces of furniture by more than 20 designers, is evidence of the dilemmas facing the craftsman. To what extent should they strive to keep their work craft-based when machines can take over some of the more arduous labour? When does a piece which is part hand-made and part machine-made cease to be craft and become industrial design? To what extent is the craftsman a purely practical provider of useful items and to what extent is he an artist?

With much machine-made production aping the aesthetics of craft and some craft makers reproducing designs

that look machine-made, these definitions seem superfluous.

Peter Dormer, the exhibition's curator, says in the catalogue: to those who believe that industrial design only began "with smoke stacks and progress to Cast-Cam (Computer Aided Design - Computer Aided Manufacture)" all designs, from simple early designs in mud to ancient Greek pottery which involved industrial enterprise as well as designers, has some element of the industrial in it and all industrial design some element of the craft.

Many pieces made by hand are dependent upon modern technology ("think of the screws and the adhesives," says Dormer), whereas many mass-producers, particularly in the ceramics and furniture industries, attempt to fake the hand-made look.

A visit to the exhibition will



Chair in sahn elm and painted ash by Richard Le Trobe-Bateman

reveal how varied and ingenious are the methods employed by our most distinguished craftsmen. The work

of some, such as Alan Peters and Jim Partridge, is in the old crafts tradition, using mainly hand-crafted wood to produce furniture with a hand-made aesthetic. At the other end of the spectrum are Fred Baier (who uses Cast), Richard Le Trobe-Bateman ("really an engineer producing furniture") and Mary Little (who loves futuristic shapes and experimental fabrics technology). They see no reason why the most advanced technologies should not be harnessed.

In other words, craftsmen seem to have freed themselves from the restriction of labels. They ignore the limitations that some would impose upon their range and explore ways of giving the craft aesthetic a new perspective.

On one thing, though, they are all agreed. Their work is not art, for art generally has no practical use, whereas

almost everyone who makes furniture insists on its utility.

Dormer says: "Designing and making things, especially furniture, is a form of practical philosophy, an interesting activity in its own right. Like any game you have to take it seriously in the sense of finding it worth the while to play, but outside the game there are no absolute conclusions to be drawn. Outsiders may be baffled or intrigued or dismissive. Other people's games are like that."

Lucia van der Post

The exhibition is on at the Crafts Council Gallery, 44a Pentonville Road, Islington, London N1 9BY until April 2. It then goes to The Priory in Cardiff, the University of Warwick at Coventry, and the University College of Wales at Aberystwyth.



FOOD AND DRINK

# Culinary adventures in Virgin paradise

Nicholas Lander meets the chef on Necker Island, the exclusive Caribbean resort

At the age of 29, Gary Jones is head chef in one of the world's most exclusive and expensive resorts, Necker Island, a 74-acre slice of paradise in the British Virgin Islands, privately owned by Richard Branson of the Virgin empire.

Branson bought the island in the mid-1980s for \$300,000 and admits to having spent a further \$7m on it, blasting off the mountain top to build an exquisite Balinese style bungalow that sleeps 16 and includes a bar, dining and siesta areas and two Balinese houses that each sleep four.

Should you wish to go there it will cost you \$13,000 each day to hire but you could take up to 23 friends and the price does include everything. There are no extras and, next to the boxes of large, fluffy towels on the beaches, are coolers full of Veuve Clicquot champagne.

This price also includes everything you eat - which keeps Jones in his kitchen 18 hours a day in many roles: meat chef, fish chef, vegetable chef and pastry chef. An extensive list of duties bears testimony to his love of cooking.

Jones began while still a boy and later trained with some of England's top chefs, such as Michel Roux, Raymond Blanc and Colin Button.

But - in spite of a swim in the ocean after cooking breakfast, lunch and dinner, and uninterrupted views of the deep, blue sea from his kitchen - a talented chef on a small Caribbean island faces unique problems.

The first is finding staff. Jones says: "When I arrived, here the former chef, who was supposed to stay on as sous chef, promptly walked out. There are no catering colleges nearby so I went to the local sports coach and said 'give me someone enthusiastic and athletic who wants to learn'."

He worked initially for a year whom we even sent back to England to work in Raymond Blanc's kitchen for three weeks, but he left on Christmas Eve.

"Now I have an ex-storeman preparing the vegetables and doing the dishes and an assis-

tant chef who used to answer the phone in a taxi office on a nearby island." But such inexperience can be expensive. One night the cold store was left open and \$1,000 worth of produce ruined.

How top-quality produce arrives at Necker is another headache. The island yields finger bananas, grapefruits, oranges, key limes, breadfruit, papaya and mangoes. Everything else has to be brought in, which involves almost military precision in timing.

"I can buy excellent Black Angus beef from Puerto Rico and good American lamb as well as swordfish and tuna. But I am at the mercy of the American suppliers in Miami, who I don't think have a very high opinion of British chefs so I'm always at the bottom of their list."

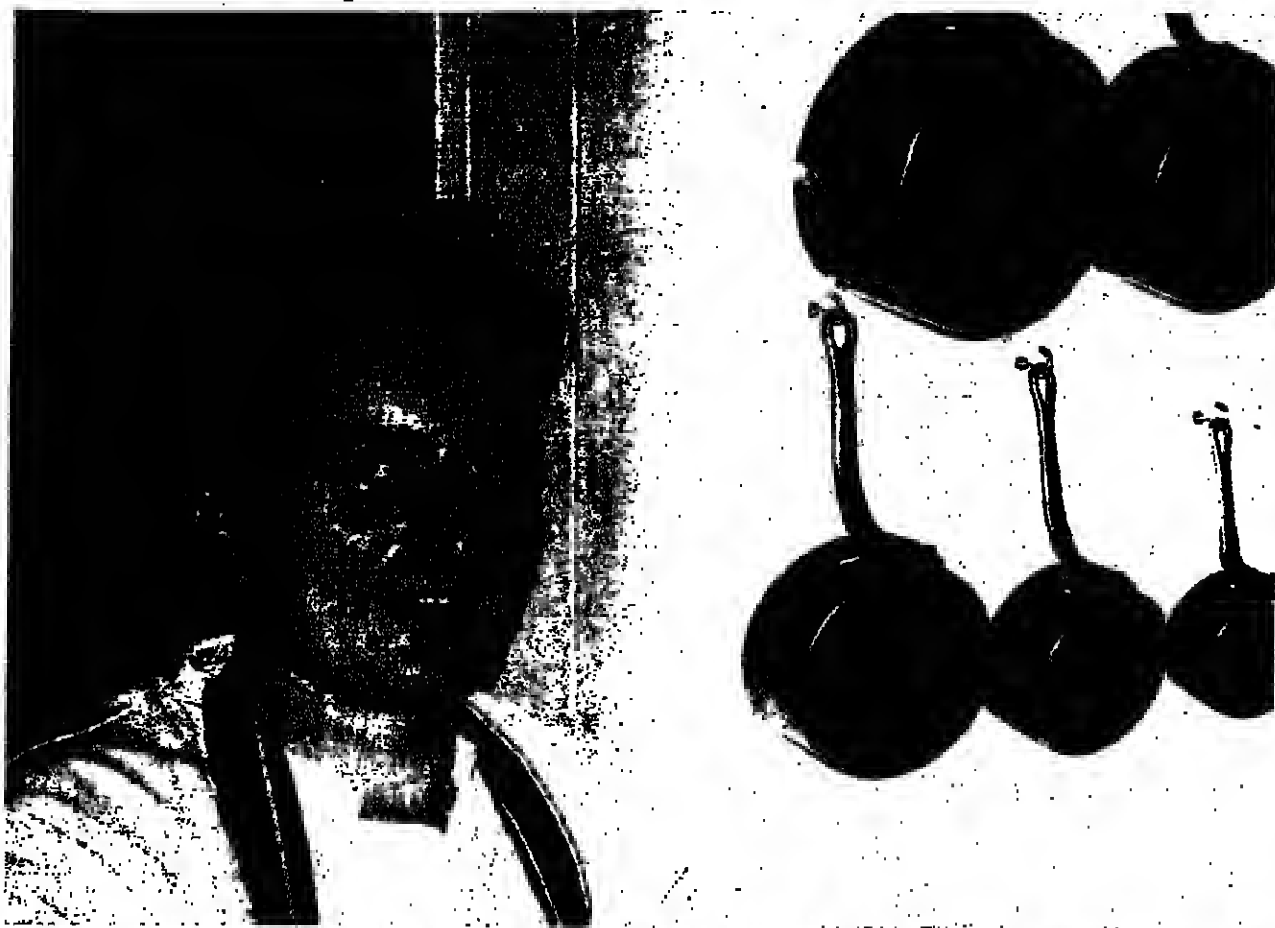
"Last week I had an expensive order of fish coming in. I phoned the supplier to check when the boat was due and discovered he hadn't even loaded it. Eventually, I had to send the helicopter over to get the fish which put the cost up a fair amount."

Jones includes in his stylish repertoire salad of striped bass and crispy fennel; saffroned mussel soup; chicken cous-cous with tomato and thyme vinaigrette; and grilled swordfish with key lime. But you have to be prepared to accept a little flexibility as to when you will enjoy these.

You may, of course, dictate what you want to eat and Jones can now meet American demands for no-fat, low-fat, low-sodium or low-salt meals. And, Richard Branson's own favourites - shepherd's pie, sticky toffee pudding and lashings of fish soup - are promptly catered for.

But culinary isolation and lack of inspiration from other chefs are the two main disadvantages of Jones's job. When there are no guests on the island he takes the boat with his girlfriend, Caroline (who runs the front of house with ship-shape precision inherited from her father, a captain on the QE2), to a nearby resort, Little Dix Bay, where the chef puts on a tasting menu for them.

When Jones returns to



Chef Gary Jones faces unique problems overseeing the kitchen of Richard Branson's Necker Island hideaway



Food and drinks at the Necker Island restaurant, as well as towels and champagne on the beach, are all included in the \$13,000-a-day price tag

England it is to eat at restaurants which may provide any missing culinary inspiration.

More important, it is to catch up with Myra, his mother, the person who helped him on a culinary career that has taken him 4,000 miles from Merseyside to the Caribbean.

"My Mum has always run a small catering business from

home and I started helping her when I was 10. There were always at least three or four desserts in the fridge and friends would just call in because they knew there'd be something good to eat. She inspired me but when I went back last time, absolutely exhausted, she was catering for a party and I had to help

her with the cooking."

■ Gary Jones' caramelised pineapple: *Ingredients:* one ripe pineapple, granulated sugar.

Stand pineapple on its end and cut it vertically into pieces 1/4 in thick, taking off the skin and removing the core.

Cut the pieces into triangles and lay on a tray covered with

silver foil. Sprinkle liberally with sugar. Blast with a blow torch until the sugar is caramelised and bubbling. Serve with cream or passion fruit sorbet.

■ Necker Island, 120 Campden Hill Road, London W8 7AR. Tel: 0171-727 8000, fax 0171-727 8343

in solitude and peace. The Carthusians at La Grande Chartreuse actually distil a large number of liqueurs, but yellow and green Chartreuse are the most important. The yellow is honey-sweet and lower in alcohol (40 per cent). Melissa and liquorice make their presence felt. If you are good on alpine flowers you might detect gentian or ginseng.

The green (65 per cent) is a drier, better structured, more classic digestif, with a redolence of angelica, mint, verbena and pepper.

Both the yellow and the green exist in versions aged for eight years in cask and labelled "VEP", or *vieillesse exceptionnelle* prolongée. These come in reproductions of the original 1640 bottle.

Chartreuse defies the standard law that spirits do not age in glass, not only becoming drier with age but developing secondary and tertiary aromas. The experts suggest that the yellow is the best VEP, as the liqueur loses some of its cloying sweetness and gives off an interesting biscuity bouquet.

The green puts on something of the austerity of its creators and a slight bitterness which enhances its digestive qualities. Fascinating, too, are old bottles of Tarragona Chartreuse where the hotter climate creates an altogether different character: the 1953 I sampled had a curious bouquet of sealing wax and gingerbread.

Prices: yellow £17-£18, green £19, yellow VEP £23, green VEP £26 - all for 50cl.

## St Bruno's elixir of life

Giles MacDonogh discovers the history of Chartreuse is far from sweet

I am glad I got to see the monastery, from the outside at least. St Bruno himself had written: "Only those who have experienced it can know the benefit and delight to be had from the quietness and solitude of an hermitage."

It was certainly quiet. The occasional crow flying over the 17th-century buildings belched a raucous cackle. Somewhere within there was a yellow glow from a single light bulb. All around was thick snow. It was the most

peaceful place I had ever known.

The Carthusians did not receive us. They never do. Not for them the Benedictine laws of hospitality. They pray for us but want no contact with our corrupt world. Who can blame them?

As monks go, the Carth-

sians have proved to be fairly successful.

St Bruno founded the order in 1084 and by the French Revolution there were more than 200 chartreuses across Europe.

There were also several in pre-Reformation Britain. The best preserved ruin is Mount Grace, near Northallerton in the North Riding. And on the borders of the City there is one of London's least well-known collections of ancient buildings in the Charterhouse.

Since the expulsion of the monks, their successors have retained at least one trait of the old order: their love of privacy.

Since the re-establishment of the Roman Catholic hierarchy in Britain there has also been Parkminster in Sussex. Its Victorian buildings reproduce the little cells and gardens of an order which combines the ascetic with the cosmopolitan: one is alone, at the heart of a community.

The Carthusians survive by their liqueur: Chartreuse. The origins of the liqueur are apparently shrouded in mystery. In 1605, the Maréchal d'Éstrées gave the formula for an "elixir for long life" to the Carthusians of Paris, whose "Chartreuse de Vauvert" was on the site of the present Boulevard Saint Michel.

At the time, monastic apoth-

ecaries alone had the right to produce such elixirs. It was another 130 years, however, before the Carthusians decided to make up the recipe, and then, not in Paris, but in their mother house - up in the mountains near Grenoble.

At first it seems suspicious that Father Jérôme Manbece was able to find all the ingredients for the Paris recipe in

his eyrie, but it should be recalled that the many Carthusian monasteries formed a powerful trading network. Anything unavailable in the Alps could be brought in from elsewhere.

This first elixir of 130 plants macerated in alcohol must have resembled the *elixir vegetal*, still made today and sold as a powerful (71 per cent alcohol) tonic in 10cl bottles.

I assume that the "liqueur" came later, possibly as late as 1840 when Brother Garnier registered the trademark together with the Carthusian emblem of the globe surrounded by the cross: the world may change but the faith may not.

Naturally the monks were scattered by the revolution and only regained their monastery at the Restoration. In spite of the return of the king

it was a different France. The monks would never have the same status they had enjoyed under the ancien régime. Revenues from the liqueur were increasingly important.

Real take-off was possible when the railways reached the local town of Voiron in around 1860. It was there that the new cellars were built, well away from the monastery.

From then on three working brothers would supervise the mixing of the herbs and plants and prepare the macerations and distillates necessary for the green and yellow liqueurs. The last half of the 19th century saw a boom in sweet liqueurs. By 1900 Chartreuse was selling up to 3m bottles a year.

A second disaster struck in 1903 when Eugène Combes's anti-clerical administration banished the Carthusians. They took refuge across the Spanish border in Tarragona and soon their stills were up and running, making green and yellow Chartreuse which was subtly different from the cool-climate alpine version.

The Carthusians were finally allowed back by the church-venerating Vichy regime in 1940, although production of the liqueur continued in Tarragona as well as La Grande Chartreuse until a few years ago. The anti-clerical storm had passed.

The French state now owns the land, but the monks may go on praying, and distilling.

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## Cookery/Philippa Davenport Play-acting without fire

It will not be long now before we begin the gastronomic run-down to Lent, Goodbye to meat after carnival, carnival or collop Monday. Then on mardi gras, Shrove Tuesday, or pancake day as it is often called in Britain, comes the final feast of dairy produce.

At other times I would choose pancakes simply sprinkled with sugar for crunch and plenty of lemon juice for zip. But Shrove Tuesday calls for something more flamboyant to tie in with the fireworks and fancy dress exuberance often associated with the eve of soul-searching Ash Wednesday.

Crêpes Suzette is the French favourite and undoubtedly appropriate but I confess I have nursed a grudge against it for years because of the song and dance that attends its production in restaurants.

Tablesides performances are not my scene. Good manners demand that you watch and admire when you would really rather concentrate on your dinner companion. Besides, one of the chief pleasures of dining out for a cook is to be spared any reminder of the kitchen.

Recently, though, I have learned that crêpes Suzette began life as theatre and this makes me feel more relaxed about them. I can now go along with the play-acting as light-hearted fun on a par with huffing and puffing over the candles on a birthday cake.

According to Harry Luke, that magpie of culinary anecdotal notes, the Mademoiselle Suzette after whom the crêpes are named, was an actress with the *Comédie Française*. When taking the part of a maid-servant in a play in the 1890s she was required at one point to serve pancakes. These were supplied nightly by the adjoining Restaurant Marivaux, whose proprietor, Monsieur Joseph, conceived the idea of igniting them with brandy so the audience could assure themselves that the pancakes were genuine.

So, crêpes Suzette it shall be for Shrove Tuesday this year. My only proviso is that the pancakes should be cooked and reheated in their orange-butter sauce discreetly off-stage, not in front of the diners.

A delicious idea might be to do as Escoffier did. Serve the pancakes bathed in their luscious sauce as soon as they are well heated through. No torching.

CREPES SUZETTE (serves 4-6)

Like all pancakes these can be made several days ahead. Cook them on cake racks and stack them when cold between folds of greaseproof paper. Over-wrap with foil and refrigerate. Reheat gently (still wrapped) at 375°F (190°C), gas mark 5, for 15 minutes or so before finishing them off in the sauce.

For the batter: 1 lb plain white household flour sifted with 1 teaspoon caster sugar and a pinch of salt; 2 eggs beaten with 1 teaspoon finely grated orange zest; 1 tablespoon Curacao or other orange liqueur and 9 fl oz semi-skimmed milk; 2 tablespoons melted butter.

For the sauce and flaming: 1 oz caster sugar; the finely grated zest of 2 oranges; 1 pt freshly squeezed orange juice; 1 tablespoon Curacao or other orange liqueur; 4 tablespoons melted butter.

Make the batter in a food processor or by hand, gradually beating the liquid ingredients into the dry ones to make a smooth creamy batter. Then stir in the cold melted butter.

Cook the pancakes over medium-low heat in a well-seasoned tin pan that has been rubbed with butter paper. When the underside is set to a pale golden brown, flip

each pancake over (or toss if you are nimble fingered) and cook more briefly on the second side. This quantity of batter is enough to make 16-18 very thin tender crêpes.

Cool if cooking ahead. Or keep the pancakes warm while you cook the rest, arranging them slightly overlapping in a circle on a warmed plate in a low oven.

A 10in-12in frying pan is best for making the sauce and serving the crêpes. Dice the butter into it, add the sugar, orange zest and juice, the Curacao and just 1 tablespoon brandy. When warm and well blended, slip the first crêpe into the pan. Turn it quickly to moisten both sides with the sauce, then fold it in half and in half again (I find fingers easier than spoons). Slide the crêpe triangle to the far edge of the pan and soak and fold the rest in the same way, arranging them gradually just overlapping at the back of the pan.

When all are ready, turn the heat up a little and let the crêpes slip and slide in the sauce until they are very hot and the sauce is bubbling. Serve just as they are if your mood is restrained. Or, for a protean flourish, quickly warm the rest of the brandy in a small pan, pour it over the crêpes, set it alight and serve with a flourish.



## Pots, pans. And now China.





## PROPERTY / OUTDOORS

## A county with a big shortage

Gerald Cadogan finds the history of Northumberland has left it with a scarcity of large houses

**H**ouses on the scale of old rectories or large farmhouses are scarce in Northumberland, and where they exist, they are usually 19th century.

Northumberland's lack of "gentlemen's residences" reflects the county's unusual history. For centuries its main problem was to have the marauding Scots as neighbours, as the Romans realised - and they built Hadrian's Wall to stem the constant raids.

Later, the Northumbrians defended themselves with castles and peel towers, as did the Scots on the other side. (You find castle ruins all over the Borders.) In this rough, lawless life, ebbings and priories were a safe haven but their protection stopped when Henry VIII dissolved the monasteries.

Only in the 19th century did life become safe in the Northumbrian countryside. The Jacobite rebellions of 1715 and 1745 were the last serious threats from Scotland and to counter them, the English built the Military Road (B513), following the Romans' line, and designed roads to move troops quickly to where they were needed.

Landowners, led by the Percy family, Dukes of Northumberland, were the other main reason for the late arrival of houses of substance. These hereditary rulers had vast estates, and to some extent still have.

Wealth came from sheep farming and coal mining. The coal was quarried from drift mines long before the Industrial Revolution. Many a country property has an abandoned mine, where the owners had hoped to add to their wealth.

Out of the coal industry sprang the Tyneside shipyards. Even in the 17th century it was thought stupid to carry coals to Newcastle.

The landowners spent much money on building great houses for themselves, or rebuilding those that they had inherited. Visit the Percys' Alnwick Castle or the Trevilians' Wallington (now National Trust, together with its 13,000 acre estate) and you can follow the family fortunes. Wallington is Georgian to Victorian, while Robert Adam remodelled Alnwick in the 18th century and, as if that was not enough, Anthony Salvin worked on it in the 19th century.

The last great house in the county was Lord Armstrong's

Cragside, mostly designed by Norman Shaw and paid for from the profits of his famous engineering works. This extravaganza of Victorian wealth and technology was the first house in the world to be lit by hydroelectricity.

Cherries and plums grew on turntables in the glass "orchard house", which the

gardeners turned regularly to ensure that the trees did not grow lopsidedly.

On their estates, the landowners would build what were known as "duke's cottages and houses" for farmers and labourers. But there was little need for bourgeois houses, except in the market towns.

In Victorian times, the pic-

ture changed. Money had spread wider and the railway made it easier to reach the moors and beautiful river valleys and to buy land and build a house of substance. Even so, there are not enough of them to induce big national estate agents to open offices in the county.

The Old Parsonage at Hepple

is typical of these 19th century houses. Facing south, it is warm and has a glorious view down to the river Coquet and up to the moors on the Simonside Hills on the far side of the river. It is some of the best country in the Borders.

Local baronets built the house, a "curatage", and the adjacent church, school,

schoolhouse and cottages. Scarcity values means that these houses usually sell quickly, says Peter Debenham of Smiths Gore, which offers the Hepple house at £240,000.

If they have land, they sell even more quickly. People like to own fields, although it is not always clear what they will do with them. Keeping a horse is one option, or letting a farmer graze sheep is another. J.M. Clark and Smiths Gore list several houses of this type in the £200,000-£300,000 range.

In the Tyne valley, half an hour from Newcastle along the A69, and close to Newcastle airport, prices are higher. J.M. Clark's Keenleyside Hill with 20 acres, six bedrooms and outbuildings costs £240,000 in Allendale, which is halfway between Newcastle and Carlisle.

The market has been flat, Debenham reports, with signs of improvement after the November Budget. In the recession, prices did not fall as sharply as in the south east or East Anglia. But they have not risen much since, either.

One Northumbrian market is doing well: cottages are popular, even those needing full modernisation. They are especially welcome if they have two or three acres of land. Typically, a former gamekeeper's cottage needing work, with three acres, would sell for around £100,000.

Compared to properties in the rectory and farmhouse range, these cottages offer less house for more money.

Occasionally, a costly home comes on the market. Near Hexham, Savills (in York) offers Matfen Hall, a Victorian "baronial" pile added to a Jacobean original. Until recently it was a Cheshire home. It could make a hotel or conference centre. The owner will consider a sale or lease. The park has become a smart new golf course, which is not for sale.

Across the Scottish border, in Berwickshire, Sale and Humberts are marketing a 2,000-acre agricultural estate with a pheasant shoot and an attractive house for £m. KFR (in Edinburgh) asks for offers above £300,000 for a lovely late Georgian double house in Birgham near Coldstream, which overlooks the river Tweed and Northumberland.

J.M. Clark, Hexham (01434-60544); Knight Frank & Bailey, Edinburgh (0131-225 8171); Humberts (0171-629 6909); Sale, Wooler (01669-231611); Savills, York (01904-580731); Smiths Gore, Corbridge (01434-63000).

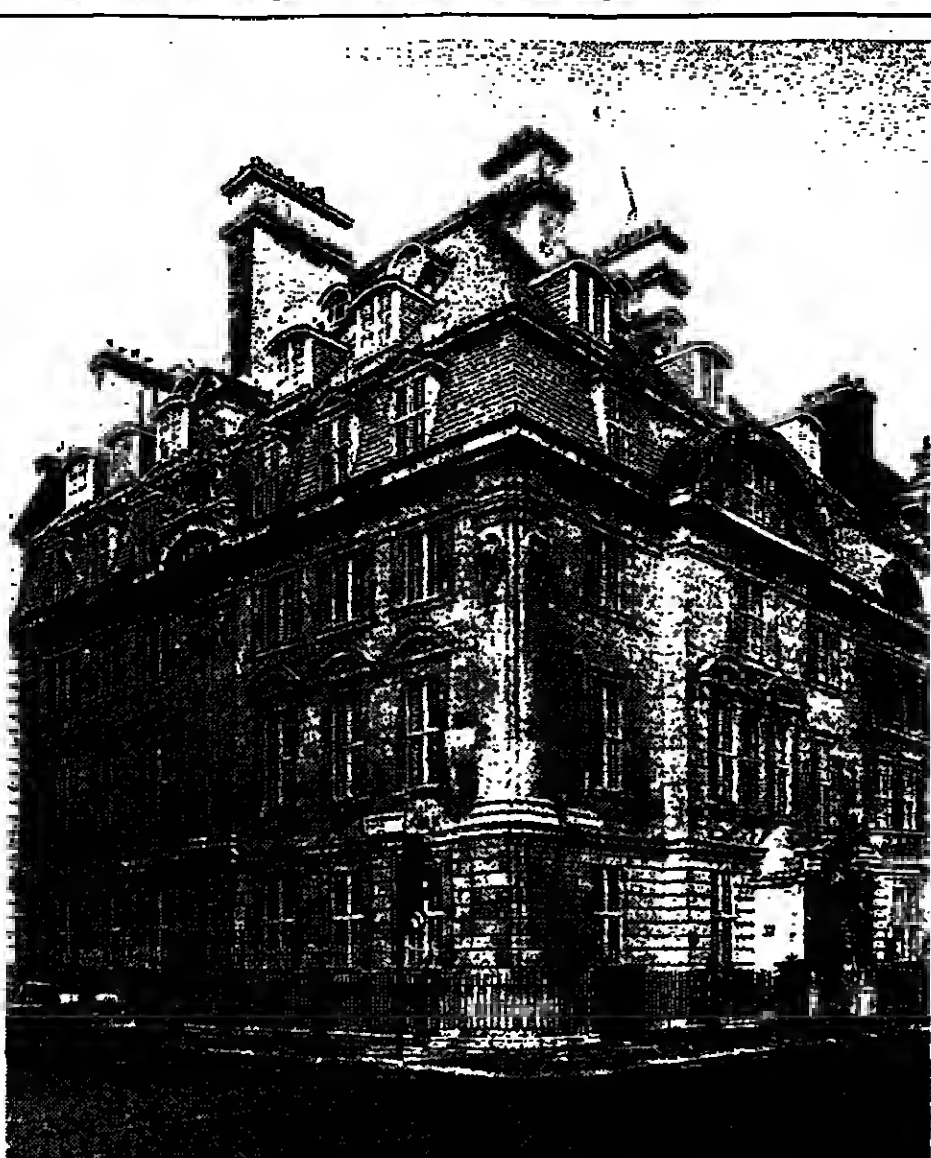
## Cadogan's Place Sport stars to sell

**I**t was a surprise to find a Cadogan House on the market. It has nothing to do with me. This is the name chosen for 43 Augusta Avenue on Collingtree Park golf course, near Northampton, by the vendors - Sharon Davies, the Olympic silver medalist swimmer, and her husband, Derek Redmond, the 400m runner. It cannot boast a running track but it does have a 30ft swimming pool, and they use the garage as a gym.

Bovis Homes built the neo-Georgian house three years ago. Inquiries to Jackson-Stops in Northampton (01604-32991). The price is £285,000.

An essential for barnowners and those adapting barns is *The Barn - Silent Spaces* by Malcolm Kirk (Thames and Hudson, £35). It gives a lively history of all types of barns, including the barn-like market halls of medieval France, the brick and timber granaries of Germany and the red-painted claphouse barns of the US, and has superb photographs and drawings.

Kirk takes the idea of the shape back to the Romans' basilica halls and stresses how similar barns, churches and halls were in the middle ages. The section on the German aisled barn called a *Hallenhaus*, in which family, animals and crops were all under one roof, shows that a barn can provide plain but stylish living. Most barn conversions in Britain fall short of that, as long as planning authorities allow barns to be converted for housing, it is



not too late to learn.

A Georgian gothic castle at Englefield Green in Surrey, between Egham and Windsor, is being offered for sale at £4.5m. Castle Hill has 37 acres, with a lake, wood and deer park, and a handsome castellated house built in 1723 with plenty of bedrooms, three grand reception rooms and an oak stairs lit by a domed skylight.

Since 1986 it has belonged to Uglands, the Norwegian shipping group, which has renovated it. Both house and stables are listed grade II. The agents are DTZ Debenham Thorpe (0171-408 1161) and Savills (0171-499 8444).

And for almost the same price, £4.6m, Wetherell (0171-493 6935) is selling 37 Park Street, W1, (pictured above) in the heart of Mayfair on the Grosvenor estate.

Gerald Cadogan



Fiat's Cinquecento Sporting (see 'Fun on four wheels', below)

## Motoring

## The danger that lies behind you

Stuart Marshall on why drivers should load their cars carefully

**A**s accidents go, it was quite a small one. A swerve to the nearside to avoid a cyclist who suddenly decided not to turn right after all led to the car hitting the kerb and then a roadside tree.

The driver was belted in; the front end of the car crushed shock-absorbently just as it was supposed to. The doctor in the casualty department was surprised to find the driver had a nasty wound to the back of his head.

Waking next morning in hospital, the driver remembered the first aid kit in a metal box he carried on the rear parcel shelf. When he had hit the tree it flew forward and knocked him cold.

I thought of this story as I read the latest issue of *Which?*, the Consumer's Association's monthly magazine. *Which?*, campaigning as always for cars to be "made safer", points out that luggage being hurled forward in a crash can cause a lot of damage to passengers.

It says that when cars are crash-tested, they should have a weight of luggage in the boot or load space proportionate to their carrying capacity - say 70kg in a typical supermini. And that the manufacturers should do more to prevent runaway luggage from squashing rear seat passengers between the backrest and their seat belt. The Consumer's Association certainly has a point. But is there not a balance to be struck?

Many saloons now have boots extendable by folding the rear seat backrest. Very convenient it is, too, if you are trying to carry something as awkward as a bicycle. Hatchbacks and estates are popular because they combine most of the virtues of both passenger car and bulky load carrier.

As every Volvo car handbook points out, in a 50mph/50kph impact a 20kg object weighs the equivalent of one tonne. And a 100kg object, five tonnes.

Any folding seatback strong enough to withstand this force on its own without giving way would have to be engineered like Tower Bridge and its cables might take nearly as long to open. Is this what car buyers really want?

There can be no argument that rear seat backrests should be made stronger if tests reveal dangerous weaknesses, but there is a limit to what can be done. Nor should we forget that drivers of cars with full luggage compartments have certain responsibilities.

Volvo, which claims to be alone in providing proper lap-

and-diagonal seat belts for all three rear passengers in its estate cars, does as much - if not more than - any manufacturer to ensure that luggage stays where it belongs in a crash.

It offers the following advice: load the cargo against the backrest; keep heavy items as low as possible; secure the load with straps, using eyelets provided on the cargo space floor.

Place wide items on either side of the rear seat split. If no one is using the rear seat, fasten the seat belts to reinforce the backrest.

And never load up higher than the backrest without using a Volvo accessory cargo net or guard.

Mercedes-Benz, which has crash-tested many heavily laden estate cars, tells me the locks on its folding rear seats are extremely strong.

Owners are still recommended, to-strap loads down and use the standard equipment cargo net as additional protection - it works with the

## Common sense should stop anyone from putting first aid kits, radios or torches on a saloon's rear parcel shelf

rear seat folded or upright. Volvo's advice to keep heavy objects low is echoed by Mercedes-Benz, which points out that its estate cars' load space carrying capacity has always been measured only as far up as the window line.

Common sense alone should stop any driver from putting first aid kits, portable radios, torches, small dogs - even umbrellas or walking sticks - on the rear parcel shelf of a saloon.

Yet one sees it being done every day. Plenty of estate owners fill the back seat with their children, cram the load space with luggage from floor to roof and then, without so much as a cargo net, set off to drive hundreds of miles, often at high speed.

So long as imperfect human beings drive them, there can never be a completely safe car.

But is it not every motorist's duty to be properly aware of the risks - from slippery road conditions to a heavily laden boot - and to drive accordingly?

**L**ast week, I put the idyllic Swiss village of Wengen to the ultimate test: I went there immediately after skiing in astonishingly good powder in an exceptionally good ski area - Val d'Isère, France. The result was surprising. My heart belongs to Wengen (but my feet to Val d'Isère).

This is not for a moment to denigrate Val d'Isère, which I believe is technically the best ski resort in the world. It is more of an awakening to the attraction of Wengen.

But what exactly - apart from the truly extraordinary scenery, (either the Jungfrau, Mönch, Eiger, Schreckhorn, Wetterhorn or combination of the five loom at you from almost every hotel window in Wengen or its neighbour Grindelwald) - is the attraction?

Its skiing is average. So is its snow record. It is old fashioned - occasionally almost verging on the primitive. Like the lift, my telephone at the Hotel Brunner seemed to be the same model that was installed almost a century ago.

The most modern thing about the hotel was the 1960s bar decor, installed when the hotel was modernised. The "ski room" is the ground floor of an old wooden barn next door.

Skiing / Arnie Wilson  
I lost my heart to Wengen

The Hotel Brunner is a microcosm of Wengen. It is clean, quaint, friendly - and time has almost stood still for a century.

The railways helped start the British interest in Wengen before the first world war. The most spectacular - and, in its time, the most eccentric - was the construction of the Jungfrau Railway which tunneled its way through the North Face of the Eiger before it had even been conquered by climbers.

The war interrupted the British love-affair with Wengen, but it was resumed with relish. And when British skiers persuaded officials of the Wengernalp Railway to run trains up to Kleine Scheidegg in winter, it marked the beginning of a new tradition. There were no ski lifts then, and skiers used to walk up on "skins". From now on they could ride up on the train and ski down. In 1925 this new concept was given a name: Downhill Only (DHO).



So much are the British part of the Wengen scene that according to Karl Fuchs, owner of the Eiger Hotel - the DHO's HQ - a certain Mr Hewitt (a member of Wengen Curling Club who only skied with the weather and snow conditions suited him) was asked one

bright Sunday morning whether he was going skiing.

He replied: "No. There are too many bloody foreigners from Berne on the slopes." (Until recently, Swiss members of the DHO were officially listed as "foreign members".)

This month, the DHO celebrated its 70th anniversary with a dinner dance at the Kleine Scheidegg (appropriately, members could only reach it by mountain railway).

This followed its annual tree-planting, the McMillan Cup race, for which members gather at the top of Tschuggen and - after a rather desperate (but traditional) mass start - hurdle down the Ladies' Downhill course to Aspen on the lower slopes of Grindelwald.

As usual, there were one or two minor casualties - but not as many as during the 60th anniversary race when, according to the DHO magazine: "A group of competitors, mostly ladies, shot off two seconds early. To a man, the ladies hit a rock, lost a ski and their

composure, and demonstrated an extraordinary ability to say the same word a very large number of times."

The race organiser, Paul Zveginzov - the DHO's secretary-in-residence - believes in continuing these mass, unit-per starts, but also sticks to his guns when it comes to awarding different cups to different sexes. "Women can be great skiers, but they can't compete with men where muscle is concerned," he says.

The race for the more eccentric Railway Cup - donated by Jungfrau Regional Railways - is now eagerly awaited. The rules change every year. "Sometimes the skier who performs the worst wins the cup," says Zveginzov with a mischievous grin. "We may hold a spot check for what skiers are carrying in their pockets and score points for the contents - two points for chewing gum, five points for a bunch of keys - things like that."

Almost 10 years ago, the DHO was featured in a BBC documentary, *On the Piste*, in which a Horsey Henry element was filmed throwing beer and bread rolls at one another. The incident is still talked about with distaste, and since then the club has tried to rid itself of any lingering remnants of a larger-than-life reputation without curtailing the high-spirits of some of its younger members.

But there is a delicious rumour - circulated by members themselves - that a few years ago the club was infiltrated by some slightly shady Londoners (who seemed to have had little trouble coping with the strength of the Swiss franc) and bad vague connections with some bouncers who once worked for the Richardson gang.

"Why did we let them join?" said one senior member. "Well, we didn't want to upset them. And besides, it proves to outsiders that we're not all taffers."

Arnie Wilson, *Crystal House, Arlington Road, Surbiton, Surrey TW6 6BW. Tel: 0181-839 5144*  
*Hotel Brunner, Wengen. Tel: 0141-36552394*  
*DHO: Membership Secretary Michael Brunner, Cedarwood House, West Green, Buntingford, Cambs CB2 5SA. Tel: 0233-973313*

## A race through the clouds

Peter Whitehead joins hundreds of competitors in a Swiss village

**A**s an intermediate skier of no great fitness who had only arrived in the resort the day before, I would have preferred to have avoided black runs. Now, I was being asked to race down one.

But 17 minutes later, I was handed a small medal, a souvenir awarded to all who complete the course of the annual Weisses Schuss race in the Swiss resort of Fims/Laax.

The race, an annual event, attracts hundreds of competitors for its two days of racing on the last weekend in January - team races take place on Saturday, individual on Sunday.

It takes its name from the nature of the course - a fairly easy 14km which can be sketched almost all the way by those with leg muscles made of wire cabling.

The Platt Alpe section, however, cannot be sketched. It is perhaps the most difficult section of piste in the White

Arena, the linked ski area above the villages of Fims and Laax. And it lurks menacingly half way down the course.

For this year's race, however, high winds and snow had closed the Vorab glacier, which is normally the start. Today we were to set off from Nagens, half way down, but just above Platt Alpe.

I had skied the course for the first time that morning and found it not too daunting. Conditions then had been fine.

Conditions now, as my four team-mates and I stood at the starting gate, were appalling. A cloud had wedged itself into the valley right in our path - and 500 metres from the start we were in the thick of it.

Visibility was down to zero and the team scattered: I could

hear one of our group asking the way. I stopped, lost and bewildered, and waited for a following group to guide me back to the course. This was hardly racing.

Yet as I peered into the gloom and tumbled along, serious racers, appearing as giants in tight Lycra suits, flashed past. Did we really belong on the same mountain?

At the bottom, however, medals were handed to hares and tortoises alike: everyone was a hero in the egalitarian paradise that lay beyond the finishing line.

Still glowing with achievement, we set off to explore the Fims/Laax skiing area. There is a good week's worth of skiing on varied pistes and in easily-reached powder. The

vistas are fantastic when the weather allows.

It is also far from crowded. Few Britons go there and the hotel managers in Fims want to know why: Peter Hotz at the Hotel Adula would welcome more. He said Fims needed a big event to put it on the map.

So I studied the map that evening, and wondered why Fims is not better known. Access is not a problem - Fims is on the main road and the 90-mile, 90-minute drive from Zurich airport is mostly motorway. Fims village - almost large enough to be called a town - straggles along the main road, with Laax skis further on.

By day, hotel mini buses scurry backwards and for-

wards transporting skiers to the lower half of Fims, called Fims-Dorf, from where the main ski lifts depart.

The upper half of the village is Fims-Waldhaus, developed around the top-of-the-range Park Hotel, built as a health retreat. The hotel's main buildings, set in extensive grounds, are linked by underground tunnels and covered walkways. Manager Josef Müller delights in showing guests around his hotel and the museum he has established there: on our tour we enjoyed aperitifs in the wine cellar and our soup course in the old bakery, before returning to the dining room.

I look forward to revisiting Fims. I have unfinished business there. With proper preparation, I can do much better in the Weisses Schuss.

My team finished 94th out of 114, with a combined time of 38 minutes. Home advantage helped Fims Ski Club win in 23% of the races, while the last team on the list was "Abguscht", whose four skiers took a combined time of well over 1½ hours. They must have been well and truly lost in the clouds.

Peter Whitehead travelled to Fims with Powder Byrne (4 Alice Court, 116 Pinner Bridge Road, London SW15 2NQ, tel: 0181-871 3900; fax: 0181-871 3322) and stayed at the Park Hotel.

Entering the Fims/Laax Weisses Schuss can either be handled by a tour operator such as Powder Byrne, or by contacting Tina Theus at the Fims Tourist Office (tel: 081 39 10 22). Entries must be in at least one month before the date of the race, which is always the last weekend in January. There is a charge for entry (about SFr30 per person this year).

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## Fun on four wheels

**T**here is nothing quite like Fiat's Cinquecento Sporting. This tiny - only 3.2m (10ft 6ins) overall - three-door seats four adults with more than generous headroom, looks and feels like a baby GTI and costs a mere £5,195.

On paper, its performance - a maximum speed of about 98mph/150kph and 0-62mph/0-100kph acceleration in 14.2 seconds - is nothing to write home about but the impression from behind the wheel is of a shetland pony crossed with a racehorse. Or in other words, fun on four wheels.

Its 1.1-litre, 54-horsepower engine and 5-speed gearbox are derived from those used in the larger Fiat Punto. The gear-change is sweetness itself, the brakes powerful and the general level of refinement sur-

prisingly high.

Low profile 55 series tyres on alloy wheels provide instant response without making the non-powered steering unacceptably heavy for parking. Electric windows, body-colour bumpers and seat belts in racing red complete the sporting package. Few cars would be handier in town.

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## PROPERTY / OUTDOORS

## Gardening

## Patron saint of landscape design

Robin Lane Fox views the Royal Academy's tribute to the Third Earl of Burlington

**A** If gardening is landscape painting... said Alexander Pope in 1734, "just like a landscape hung up." At present, gardening seems more like paddling, but ideals lift us out of the puddles, and this week I have been uplifted by the idealised landscapes at the Royal Academy exhibition *The Palladian Revival: Lord Burlington, His Villa and Garden at Chiswick*.

Until April 2 you can revisit the gardens and architecture of the young Lord Burlington, architect of the best of early Georgian houses and landscape design.

The exhibition has no great paintings, but gardeners and garden-watchers should certainly not miss it. The texts and drawings describe an evolving garden, whose changes run like a serpentine path through the peer's life.

The Third Earl of Burlington began to plant seriously in 1717, when he was 23. He did not have a Dip. Hort. and there is no sign that his widowed mother, Juliana Noel, had any particular taste in landscape.

She had already sent him on a Grand Tour of Europe, which had been prolonged at the Dutch and French end, and had focused longingly on Rome. Its cultural purpose was, however, justified by the young lord's love of music and his eventual friendship with Handel.

A second tour and further study of prints and drawings turned the Earl into a superb classical architect, who built an immortal villa at Chiswick in the great age of amateur designers. During the years of marriage to Dorothy Savile, the frustrations of public life and financial pressure are reflected in an evolving style, adapting to the new times.

Burlington's gardening endeavours begin with fashionable formality, but in the 1730s his protégé, the witty, inventive William Kent - "Kentino" as Lady Burlington affectionately called him - intervenes. A cluster of enchanting drawings, the pearls of this exhibition, will delight anyone who likes humour and style.

As a result of the many influences, the gardens at Chiswick House reflect many different styles. John Harris, the distinguished author of the exhibition's catalogue, describes in excellent detail how the house grew up piecemeal over 30 years. And, as we follow the path of Burlington's changing vision, we modern gardeners come to realise his role as our patron saint.

In one particular venture he has certainly been mine. In 1717, Burlington began work on the garden of his inherited property at Chiswick. He had much admired the grand gardens in France that had avenues which radiated on the pattern of a goose's foot, known as the *potte d'oie*. His plan created a similar pattern of avenues, radiating outwards on the intended axis of his new, second villa. However, at Chiswick, Burlington planted three avenues, not the usual five.

Long before I was 23, I too wanted my own *potte d'oie*, but it was only seven years ago that I began to plant one and, following Burlington's pattern, I now have a well-developed threesome. The difference is that I planted a fivesome, but I made the mistake of planting a different type of tree along the outer two toes and had to remove them in the third year of growth because they clashed with my mainstay: clipped trees of the flowering pear, *pyrus "Chanticleer"*.

I also see that Burlington's avenues have several differences from mine. His are much



The 'potte d'oie' at Chiswick painted by Ryaback in 1729-30 before the buildings were demolished

thicker and grander because they use tall trees with trimmed trunks in front of the thickly-clipped hedges.

Historians naturally connect this formal design with Burlington's architectural taste. The young Burlington became a committed Palladian, and his villa in Chiswick is still an

early flagship of our Palladian revival.

The Palladian factor is central to the exhibition and many historians have thought it was central to the concept of triple avenues. Art historians have suggested that he borrowed the idea from theatre-sets, especially from the Teatro Olivo-

pico, designed in Vicenza by Palladio himself. However, in the catalogue, John Harris raises a credible doubt.

The avenues all lead up to elegant buildings built at different times - a Doric temple, an Italianate bath-house and a rustic arch. He therefore believes that Burlington began

sively and whose influence in Britain was already becoming prominent. The *potte d'oie* existed at Hampton Court in French imitation, and on a titanic scale was to be applied to my own ancestors' Yorkshire gardens in the 1730s. In these cases Palladio had nothing directly to do with it.

However, when William Kent came along in the 1730s, there was plenty of scope for romantic extension and thinning to open out views.

Kent's marvellous sketches which date from this period at Chiswick not only suggest an enchanting use of trees with cleanly-trimmed trunks, framing the banks of a pair of natural ponds (owners of water should look carefully at his suggestion), but also demonstrate a wit which otherwise reminds me of the later Rex Whistler.

In a famous sketch, Kent shows himself sleeping by Burlington's great obelisk at Chiswick, while the rabbits gather to hold hands and play around him.

In 1732 he sent the drawing to his great patron, writing: "Ye obelisk looks well, I lay there the other night, but though I love it, was too melancholy for want of him I wish to see."

The sketch is a fitting epitaph for commuting gardeners and partners, whose week-end efforts could gain much from the contents of this exhibition.

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## TRAVEL

# Where dreams can cost £2,500 a night

Paul Betts revisits some of his old haunts in Paris and enjoys a night of luxury at the Crillon

**M**onsieur Hervé Houdré, the dapper manager of the Crillon, says guests enter the marble lobby of his hotel dreaming and his job is to ensure they go on doing that. With double rooms starting at around £400 a night, and suites costing anything up to £2,500, he might have added they never want to wake up.

I had always dreamed of spending a night in this 18th century Parisian palace overlooking the Place de la Concorde.

When I lived in Paris, I used to walk past it on my way to work. There were always gendarmes with their motorcycles near the door, the flag of a foreign head of state fluttering on the roof, a Bentley, a Ferrari and a series of black or grey official Renaults and Peugeot taxis with their chauffeurs arguing with the taxi drivers on the rank on the other side of the pavement.

The Crillon seemed to be part of the patrimony of France, just like the Elysée Palace on the road or the National Assembly across the square on the left bank of the Seine.

It also had something of Arnold Bennett's *Grand Babylon Hotel*: a place of dark secrets, political and big business conspiracy, glittering princesses, banana republic dictators, divas and rock stars. I attended several functions in the hotel's paneled salons. I once had dinner in the restaurant, Les Ambassadeurs, a mini hall of mirrors with its frescoes, its stunning display of marquetry combining six different kinds of marble, and its crystal chandeliers. I had a few drinks at the bar which

became the office of the late Sam White, the much missed Paris correspondent of the London Evening Standard.

So when I was invited to spend a night at the Crillon, I jumped into the Eurostar, another new experience after years of commuting by air and languishing miserable hours in crowded airport lounges. Breakfast on the train was high quality aircraft food and not, unfortunately, a good

old-fashioned British Rail breakfast or the sumptuous food served on the Golden Arrow, which I used to take as a child going to school.

It was pouring with rain in Kent when the train plunged under the Channel. Somehow, coming out of the tunnel, I expected to see sunshine, palm trees, parasols open outside street cafés. It was raining even harder in France as the train accelerated to its 180mph cruising speed. By the time it reached Paris, I was converted. I had left home at 6.15am and I was standing in front of the Crillon, at noon French time, ready for an aperitif and lunch.

There were more gendarmes than usual outside the hotel. The lobby was filled with security guards twiddling huge

deaf aids in their ears. "We've got Meryl Streep staying," said Véronique Brown, the hotel's public relations officer. Even in a country that venerates and decorates American film stars, this hardly justified the firepower in the lobby. It turned out that the prime minister of Quebec had taken the suite next to Ms Streep.

It still seemed a bit excessive. Was this a hotel or a government luxury guest house?

When it was first built more than 200 years ago, the idea was to use the palace to house all the ambassadors to the French court. It never worked. Instead, it was converted into a hotel, now under the ownership of the Taittinger champagne family.

It claims to be the only luxury hotel in Paris still under French control. The Bristol is owned by Germans, the Ritz by Al Fayed, the Plaza Athénée and Georges V by Fortis. "We belong to Paris," said Houdré readjusting the smoked salmon on a tiny canapé. But he quickly added that the Crillon remained fiercely independent and competed with everyone else for government business.

"We fight the idea we are somehow state owned. Some people won't stay here because they think we are government controlled," Houdré explained. It was the hotel's location and its high standards that continued to attract heads of state from the world over. "We call it in France *l'art de vivre* and *l'art de recevoir*," he said.

My night in the Crillon was like any night in a big comfortable bed, but it also filled me with nostalgia. I was not in a £2,500 a night suite on the Place de la Concorde, but in an elegant £400 a night bedroom at the very end of a long corri-



Les Ambassadeurs, the restaurant at the Crillon: the hotel seems like part of the patrimony of France

dor overlooking a side street and a small café.

It reminded me of my old flat in Paris in the Rue Jean Mermoz just further up the Faubourg St Honoré. Not that the flat was anything as luxurious as the Crillon room but it had the same atmosphere of old France. The ancient oak floors creaked under the carpets; the same panelling on the walls and large windows with their big brass fixtures; and at one end a marble fireplace with its ornamental mirror.

I woke up to the familiar morning sounds of Paris: the

rubbish vans, the water running down the drains and the street sweeper brushing the pavement clean.

The young waiter - the average age of staff at the Crillon is only 32 - knocked on the door and pushed in a breakfast trolley. It was all very nice, but I could not resist going down a little later to the bistro to gulp another coffee and a *croissant* at the counter.

I walked back to my old haunts. Charlotte, the concierge, a friendly 74-year-old dragon, was hosing down the inner courtyard watched by

her black poodle. "Eh bien, vous allez au Crillon maintenant?" She still had a portrait of Giscard d'Estaing in her porter's lodge bed-sitting room, but she was going to vote for Edouard Balladur in the presidential election. "Il est bien, vous savez il est sûr."

With the prospect of France electing a Turk as its next president, I wandered off. The butcher was still there and so was the cheese shop and the cobbler. But other local businesses had gone. Saddest was the discovery that the colourful street market, in a passage

close to the Crillon and leading into the Rue Royale, had disappeared and been replaced by a new development.

"Paris risks losing its soul," a Parisian friend said the night before over dinner. "Too much new development is driving the simple people and the small shops out of the heart of the city. If Paris is to retain its special character, it must be careful not to tilt the delicate balance between its culture and money."

The scars are already visible. As I left the Crillon, I took one last look at the famous obelisk

at the centre of the Place de la Concorde. It is already cracking and is coming under growing attack from traffic and pollution. By the turn of the century, at the latest, this landmark will probably have to be taken away and repaired.

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TRAVEL

# Seattle: educated, tolerant and wet

Nicholas Woodsworth visits the Pacific Northwest and the most enthusiastically middle-class city in the US

With each successive visit to North America, I grow ever more hopeful for the sanity of the continent. I am more or less inured by now to its everyday dreariness - shopping malls, one-murder-a-day cities, television talk-shows and the like. But every visit brings new, one-off wonders: the Gulf, Edie Rose Perot's cracker barrel, Nancy Kerrigan's knee, the Bobbitt carving knife, the O.J. Simpson trial, Alvin and Heidi Toffler, Newt Gingrich.

Who needs Disneyland? It is becoming wholly superfluous. From Orlando improbable fantasy is spreading outwards like a stain, engulfing the entire country.

Where to escape it? On a US map I stick a tack into Orlando. Swinging the attached string about in an arc, searching for optimum distance, I fall on Seattle, more than 3,000 miles away in the misty Pacific Northwest.

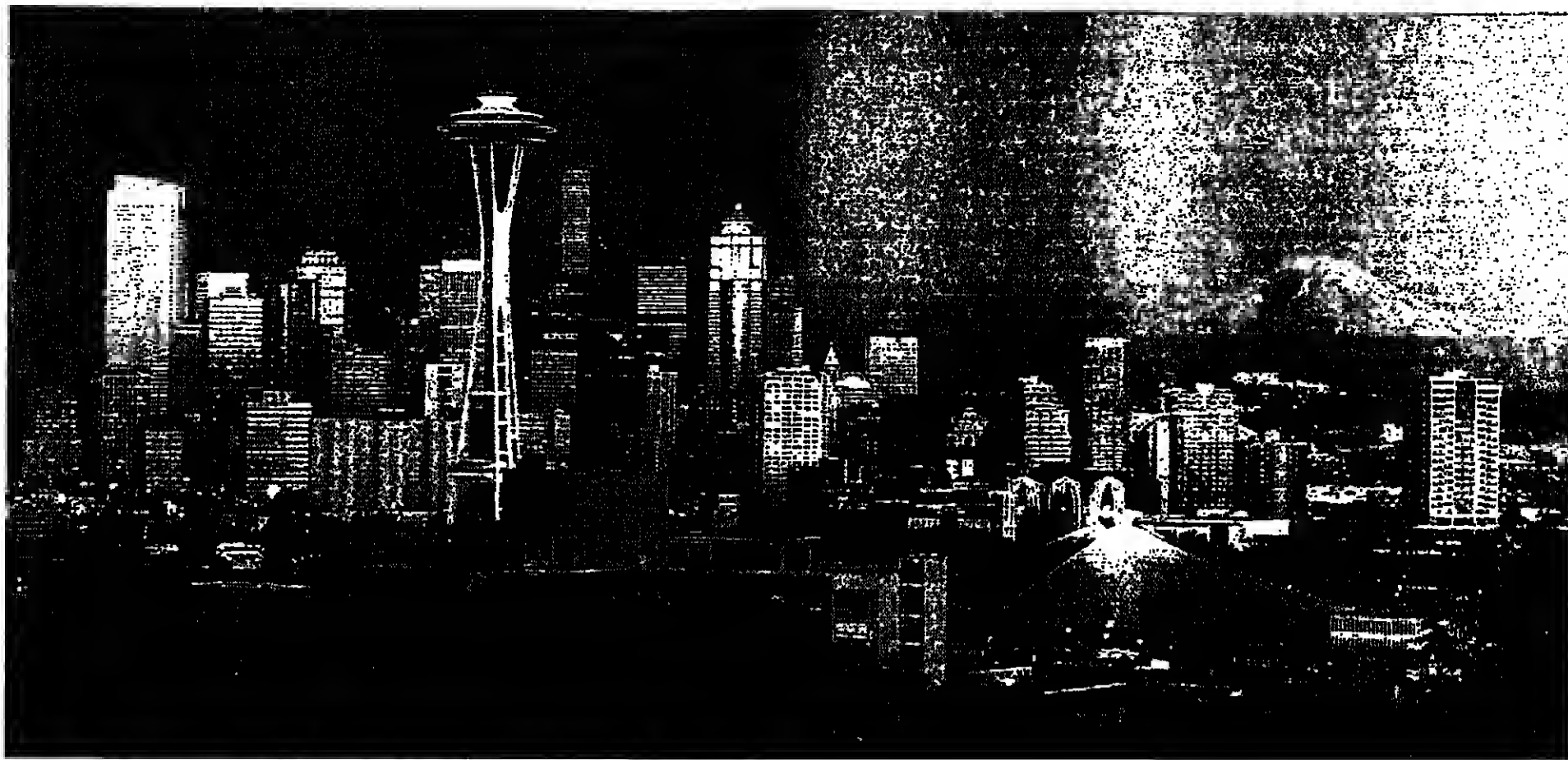
Seattle it is, then - the farthest you can get from Mickey Mouse without falling into the sea.

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Seattle Airport: Perhaps the string method is not so daft after all - Seattle is nothing like Florida. It is raining when I get off the aircraft, and continues to rain steadily thereafter, a fine drizzle sifting down from a low and heavy sky. Nor are there any orange groves here - soggy, brooding forests of Douglas fir take their place. It all seems a bit grim at first.

On the other hand, tourists stand an excellent chance of making it into town without getting their airport rental car attended to by crack-crazed highjackers. Even on city streets they feel safe. The low crime rate here is one of those indices which has won Seattle numerous "most liveable-in city in America" awards. The high precipitation rate is not one of those indices, of course, but it cannot do any harm - muggers are no fonder than anyone else of hanging about on street corners in a downpour.

Boeing Field: Approaching Seattle along the Interstate 5 is like driving beside an endless airport runway. This is simply a shuttle bus I am travelling on, but as we drive past Boeing Field and the Boeing Corporation headquarters, the driver cannot resist pointing out, among the aircraft lined up by the runway, the brand new 777s due for delivery to United



Stirring in Seattle: rush-hours begin at 5.50am and 2.30pm - the times that shifts change at the Boeing plants

Tom, Green, 1995

Airlines in May. There is proprietorial pride in his tone - as well there was a company town it is Seattle. With the larger part of the world's civil aircraft production in its hands, Boeing employs 90,000 workers in the area, and one job in four here depends on the company. Seattle rush-hours, unlike anywhere else in the world, begin at 5.30am and 2.30pm - the times that shifts change at Boeing plants.

Seattle's health depends on Boeing's health. Right now things are not going so well, a company engineer sitting beside me says sadly. But Boeing and Seattle have known problems before and survived. In the early 1970s, in what became known as the Boeing Crash, the company was forced to lay off 60,000 workers. Seattleites moved out in droves. "Would the last one to leave town please turn out the lights," read one billboard.

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Starbucks' Coffeehouse: Oddly enough, Seattle has little of the corporate feel to it. There is

none of the management elitism, none of the blue-collar populism that characterises most American cities. The reasons begin with Boeing - in the aerospace and other high-tech industries based here, unskilled workers are a minority. It is technicians, designers, engineers, researchers, aca-

**Enthusiasm for the arts, for books, for serious discussion is common here**

demics and white-collar workers who give the city its profile, and make it America's most enthusiastically middle-class city.

Sit eavesdropping in any public place - restaurant, theatre, or that most ubiquitous of Seattle institutions, the coffee bar, and you will soon realise that this is a sophisticated, well-educated, tolerant, liberal and democratic town. It may be the only one left, but this is

Bill Clinton's kind of town. The couple to my left drinking *café latte* are avidly discussing Carl Orff's *Carmina Burana*, the latest co-offering by the city's Pacific Northwest Ballet and the Seattle Symphony Chorus. The couple to my right, younger, hipper, and huzzing along on double espressos, are discussing the fate of home-grown Seattle Sound grunge-rock - a musical style that has swept the nation - since the suicide of Kurt Cobain, star-member of rock band Nirvana.

Enthusiasm for the arts, for books, for serious discussion is common here. It may have something to do with long, wet winters. Seattle offers a range of music, dance, theatre, opera, museums and galleries that makes it the undisputed capital of the Pacific Northwest.

□ □ □

Pioneer Square: On Saturday night I wander down to the oldest part of the city to listen to the blues at a club called Larry's. Nothing is very old in America, and here, among turn-of-the-century brick buildings, one gets a sense of the

rawness, the unfinished history, the continuing settlement of the American West.

"Manifest destiny", the term used by historians for the relentless urge that pushed American pioneers ever closer to the Pacific Ocean, is too grand to apply to the hoboes, the alcoholics and the homeless who spend their nights on the benches of Pioneer Square. "Westward drift" might be more apt a term, but it is the same thing. From its founding, Seattle, the end of the line, has been a city of immigrants, of dissatisfied, westward-moving wanderers searching escape from old lives to begin anew.

Not far from Pioneer Square is the original "Slid Row". Initially a site where cut timber was skidded down Seattle's steep waterfront hillside on the way to the mills, it became an infamous haunt for an early generation of drunks and drifters, for the restless who never made it.

□ □ □

Nordstrom's department store: Most new Seattleites, however, did make it. I enjoy standing by the sidewalk coffee-cart

parked outside Nordstrom's and watching the unfailing politeness of Seattle's citizens. They are calm, quiet, decorous. Drivers do not honk horns in this town; pedestrians, without a car in sight, would not even dream of crossing the street on a red light.

Where does this dignified

**Enterprises continue to attract talented, well-educated youth**

manner come from, I ask my fellow coffee drinkers. "From the same place the coffee habit came from," some of them answer. A good number of Seattle's earlier immigrants, it seems, were Swedish loggers and fishermen. They brought their natural Scandinavian reserve with them.

"From the Northwest woods," answer others. Inspection and quiet contemplation, they tell, is the result of

being surrounded by nature, of confronting the vast emptiness of the Northwest. It leads to a certain humbleness.

"And what does that mean?" I ask when a driver most unhumiliatingly blows his horn outside Nordstrom's. "That," answers one woman severely, "means Californians." Seattleites, while polite, also have a reputation for ruthlessness to strangers. Invariably they choose the cold Nordic shoulder over hot Latin anger. It is more effective.

□ □ □

Lake Washington: The lure of Seattle persists. Not even recent arrivals like sharing their city with later arrivals. What keeps them coming?

I have been invited to dinner in one of Seattle's swisher suburbs, a place of broad green lawns and high protective shrubbery. Here, even the most modest homes weigh in at \$2m-\$3m. My host, though, directs my gaze across the water to an even swisher suburb and the home of Bill Gates. It is an enormous and opulent place, a 37,000 sq ft waterfront home with every possible im-

magination, including, I am told, computers in each room generating images from Gates's electronic art collection.

Seattle's generations-old high-tech boom finds its most successful expression today in Gates's Microsoft Corporation, whose software is installed in 85 per cent of the world's computers.

Such enterprises continue attracting talented, well-educated youth to Seattle, many of them, like Microsoft itself, unconventional, individualist and unimpressed by the traditional methods of Big Business. They all leave their stamp on the city.

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Pike Place Market: Money and career opportunities alone, however, are not what draw people to Seattle. For while Bill Gates's whizkids are pushing back the frontiers of cyberspace, what they demand of the city they live in is a particular quality of life. Seattle, as Jonathan Raban, the wily English writer and recent immigrant, observes, is the first city to which people move to be closer to nature.

The heart and soul of Seattle is the downtown Pike Place Market, a collection of covered buildings straggling along the waterfront. Standing in it, I find myself surrounded by the natural wealth of the Northwest - a cornucopia of seafood from tidal waters, fish from the open sea, wild produce from the forests, rich farm fare from the mountain valleys beyond.

But this is merely a taste of the outdoors. Raising my eyes just a little higher, I can actually see what Raban means. Even downtown Seattle sits on nature's doorstep. In front lies Puget Sound, a complex maze of islands, passageways, inlets and estuaries. Beyond it rises the wild country of the Olympic peninsula.

Behind the city sit Mount Rainier and the Cascade Range. To the south stretches the long Pacific coastline. It is all accessible within minutes, and every weekend Seattleites, the most avid small-boat sailors and four-by-four drivers in the US, escape to it.

Seattleites like their isolation, their peace, their rainy forests. It is what gives the sophisticated urbanity of Seattle its meaning. What surrounds them is not untouched nature, but it is the closest you can get to it in America these days. And the farthest you can get from Orlando, Washington and other American Disneyland.

Nicholas Woodsworth travelled with United Airlines from London to Seattle.

Migratory fish face danger everywhere: Michael Wigan examines sealice in Scotland; Nicholas Woodsworth looks at a US threat

## Danger run

Continued from Page 1

been fiercely attacked by Nasco, but Windsor says he is concerned about the trade in contraband fish shipped through Polish ports to Switzerland, where dealers are happy to pay a premium for the wild creature.

Among the owners of British salmon rivers, those who fish them and the gillies who tend them, there has been a dawning enlightenment. There are still proprietors bent on squeezing every last penny from their property; and fishermen who, having paid their whack, regard themselves as entitled to do what they like and kill what they like. But the ignorant are in a minority.

Dr Derek Mills of Edinburgh University, perhaps the leading authority in the UK on salmon, says he is optimistic because of a general change in attitudes.

Conservation, habitat enhancement, stocking programmes, encouragement for spawning, and restrictions on catches are all generally accepted. On the Tweed, said Mills, anglers last season returned alive an estimated 3,000 salmon, about a quarter of the total catch. A few years ago this would have had gillies choking on their drams.

There is, however, one dark cloud which will not be driven away, and which no one seems to be able to do much about: the annihilation of the spring runs. Traditionally, this was the best of the fishing, when the big powerful silver salmon is pushed into the rivers in the raw, bracing months between late winter and the start of summer.

In general, they have diminished to a trickle. The runs come much later. Either in the summer, when they are made up of the smaller fish known as grise, or in the autumn, when the salmon rapidly lose their silver burnish and their condition. Though they still make up the catch numbers in

the book, these are not the fish of which anglers dream.

On the Aberdeenshire Dee, the most celebrated spring river in Britain, crisis measures have been taken. These include a shorter season, a ban on spinning, and a bag limit of one fish per angler per week. On the Wye - where catches have been in free fall - the National Rivers Authority has shortened the season, and banned spinning on much of the river. This is akin to telling a golfer that he is welcome to stand on the tee and swing his club as long as he refrains from striking the ball.

In theory, the response in the most critical cases should be to stop fishing altogether until the salmon arrive in numbers. This, in effect, is what has happened on rivers in southern England such as the Itchen, the Test, and the Hampshire Avon, where the stocks are so pitiful that hardly anyone bothers to fish for salmon any more.

But elsewhere, the sport is too important to owners, gillies, hotels and tackle shops for fishing to be stopped.

One over-arching question remains: the extent to which the decline of the great salmon runs may have been caused by forces of nature. The timing of salmon runs has varied through the ages, with the main weight shifting from spring to autumn and back to spring. The evidence also suggests that the overall abundance of fish has varied enormously through the centuries, the variations probably resulting from changes in ocean temperature and the waxing and waning of food supplies.

Mills says we should focus on what nature does provide. If we refrain from conspiring against the salmon, if we ease its way as best we can, if we attack pollution and protect and enhance the habitat at sea and in fresh water, we shall be doing all we can to ensure that the great journey goes on.

In the last 15 years, the sea lochs of the west Scottish Highlands have become some of the most intensively farmed sea aquaculture waters in the world, producing 60,000 tonnes of farmed salmon last year.

There are visible changes - salmon "cages", and attendant jettying and wharves. But beneath the surface of these shallow waters, only partly refreshed by the tides, swarms a highly contentious salmon-farm by-product, the sealice.

Anglers argue that salmon farms are to blame. Sealice, proliferate at an astonishing rate in dense populations of salmon. Controlling them is one of salmon farming's biggest costs. While the fish are still small another fish, the goldfish-like sea wrasse, can be used to graze the lice but, as the salmon grow, chemicals are needed.

The most effective chemical, Nuvan, is prohibited because of its wider environmental side-effects, so British salmon farmers spend large sums on hydrogen peroxide.

Once, salmon fishermen finding the sealice on their silver spring fish would exult. Sealice

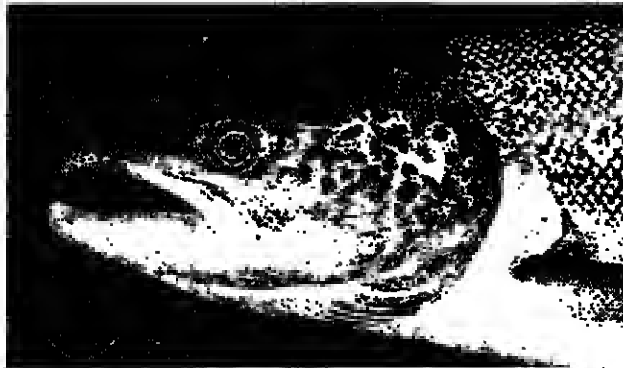
drop off after 48 hours in fresh water and their presence proved the fish's freshness. But sealice are a threat to young smolts, the two to three year old juvenile fish which in April and May migrate to sea.

They attach themselves to smolts while the young fish are adapting to saline water in estuaries and feed off the fish's mucous membrane - a sensitive, protective coating. Then the sealice start consuming the flesh of the smolt; sealice-covered sealice have been found with no trace of a dorsal fin. The Norwegians have shown that 30 sealice can be lethal to smolts; fish off Britain have been found carrying more than 1,000.

Spent salmon or "kelts", returning to sea after the nutritious spawning period in winter rivers, are also hit by sealice. In the longer sea lochs, fish survival is more difficult, for there is a longer gauntlet of salmon eggs to run.

Dr Ken Whelan of the Burris-shoole Research Station in

## Parasite of the lochs



Salmon under attack: 30 sealice can kill a smolt; some carry 1,000

Ireland spent four years researching smolt deaths. By 1989, the Burris-shoole sealice run, once numbered in thousands, was down to 20 fish. Whelan worked through 18 theoretical explanations. Then, in April 1990, disease-stricken salmon cages were towed out of the sea lochs by salmon farmers and events took a revealing turn.

Sealice numbers started to rise. When, in January 1992, fish farmers towed the cages back, even finnock (seatrout present in the sea for only a few summer months) were struck by sealice.

Salmon farmers have responded by exploiting the gaps in knowledge about sealice. Whelan's finding that sealice smolts initially bug the coast was unsuspected. Their life in open sea remains almost a total mystery. Using dyes, Whelan discovered on the River Erriff that, contrary to popular belief, sealice seem to have a remarkably poor homing instinct.

Salmon farmers argued that wild fish were re-infecting cages stocks, which had been expensively cured of lice. Divers had seen wild fish going on falling fish farm food pellets. The farmers pointed out that sealice originate in the wild and that the sealice decline began in the 1950s, prior to salmon farming.

Although the disappearance of salmon and sealice runs closely coincides with the geography of farm sites, there are exceptions.

Salmon farming is a vital industry to the west coast of Scotland, supporting 2,000 direct jobs and worth \$170m. Happily, technical developments are unfolding which may overcome events. These concern salmon farming in the open sea. Salmon farmers believe this option is more

costly and open only to large-scale farmers. But it is being tried by the Lithgow Group as an exit from the embattled politics of estuaries.

Open sea fish farming, more common in Japan and the US, would erase the sealice issue; and it would free salmon farmers from the regulations affecting estuaries with low tidal exchanges.

To some extent open sea salmon farming already exists in the sheltered waters of Shetland, Lundy, and other islands. Lithgow, using its shipbuilding experience, has developed the technology for salmon cages which will withstand the battering of the open sea operation and, says Neil Rosie, of Lithgow's fish farming subsidiary Campbelltown Developments, fish farming at sea can cut costs.

Hugh Currie, the group's managing director, said that they had found sealice eggs will not adhere in stronger water flows.

Salmon farming at sea would allow the west coast fishery proprietors to start the long business of restoring runs to their emptying rivers.

Michael Wigan

## Where salmon was king

On the Pacific Northwest coast of the US, the salmon's survival hangs in the balance. As special interests vie for the stewardship of a diminishing resource, so critical is the damage being done to the salmon's habitat that only radical ecological restoration could save it.

Along the Washington coast and on the tributaries of the vast Columbia river basin up which the fish travel to spawn, salmon used to be king. North-west US stocks provided most of the tinned salmon throughout the world. So abundant was the fish that locally, as recently as the 1950s, hamburger meat had more prestige.

Today, says the US Wilderness Society, all but one of the west coast's nine ocean-going salmon species are extinct or at risk of extinction over most

of their natural range. In 1994, a ban was placed on salmon fishing in Washington state coastal waters. This affects sports and commercial fishermen, plus a third party. After a bitter fight over the legal heritage of natural resources, native American Indian tribes gained the right to 50 per cent of the annual salmon quotas.

In anticipation of the eventual lifting of the ban, a second and equally virulent confrontation never salmon is brewing: a sports-fishing lobby has filed an initiative in the Washington state legislature which, according to commercial fishermen, would so limit the commercial salmon take as to wipe out the industry.

But even among the 700 boats of the Seattle fleet tied up at Fisherman's Terminal, there are cooler heads trying to see beyond the smoke of the immediate battle.

Ask Bradford Matsen, Pacific editor of National Fisherman, what he thinks of efforts to save the salmon and his polite response will be derisive laughter.

He admits there are innovative programmes that do have some effect. In the Columbia Basin, for example, heavy damming for hydro-electric purposes has hindered the natural salmon spawning cycle on many rivers.

Spawning females are able to make their way upstream through fish ladders, but many fragile young fry on their way down-

stream are either blocked or destroyed in electrical turbines. The US Army Corps of Engineers runs a fleet of river barges equipped with vast holding tanks; the barges capture hundreds of thousands of salmon and transport them past such dangers to their destination, the sea.

But it is not fish that need supervision over the long term, says Matsen, it is humans. And not simply humans bent on catching fish. Through poor management of watersheds and the rivers running through them, modern American society is destroying the salmon's fragile habitat and, inevitably, the fish itself.

The causes are legion. Forestry activities affect river drainage and flooding, which damage streambed spawning gravel. Power dams and irrigation projects hinder the passage of fish, alter water temperature, and change patterns of water flow.

Effluent from manufacturing, and run-off from crop-farming and mining pollute the water. Transportation, urbanisation and industrialisation all have multiple effects on streams and rivers. The "Save our Wild Salmon Coalition" list 64 different sources of environmental degradation in America's northwestern rivers.

The "salmon crisis" in the Pacific northwest is a human crisis, says Matsen - the health of the salmon is a mirror reflecting the health, or ill health, of man's world as a whole. What is needed is the restoration and protection of a natural system that has been badly unbalanced.

Can the balance of the natural world be re-established in one of the world's most heavily industrialised countries?

Plans, strategies and programmes for the renaissance of the salmon are being spawned in ever greater numbers.

But the political and economic complexities of taking on power, mining and logging companies, agricultural lobbies, land developers and manufacturing businesses are challenging.

The final triumph of the salmon would be the triumph of our own species.

Nicholas Woodsworth







BOOKS

# Studies of mankind

Jackie Wullschlager on the development of successful biography

The two most successful biographies of all time are Boswell's *Life of Samuel Johnson*, never out of print since it appeared in 1791, and Andrew Morton's *Diana - Her True Story* (1992), which has sold 2.5m copies worldwide. These books span two centuries golden age of biography, and represent in extreme forms the twin poles of biography's appeal.

On the one hand Boswell makes of Johnson's life a moral epic, the drama of an individual's imaginative and ideological conflict, set against the cultural sensibilities of his time. On the other Morton distills in a contemporary yarn the tradition of gossip, aristocratic scandal and piquant anecdote which is as old as biography itself. In fictional terms the former resembles Milton, the latter Barbara Cartland.

In between lie the thousands of books which meet, with varying degrees of psychological and intellectual probing, our insatiable desire to read about other people's lives. Certain historical figures have the power of myth; the lives of Byron (over 200 biographies), Napoleon, Queen Victoria, D.H. Lawrence have all inspired endless re-telling, each re-fashioned as Greek dramatists re-work the myth to mirror a new generation of

self-image. Some periods of history are also especially rich in biography. In 1980 over 2,000 biographies were published. It is likely that historians will see the literary high point of the last 50 years, not in our novels, plays or poetry, but in our biographies. Painter's *Proust*, Ellmann's *Joyce* and Wilde, Holroyd's *Strachey* and Shaw; these already have the ring of classic works of art. What is the magic ingredient that makes them so popular?

The star essay in this mixed collection is a shimmering piece by Richard Holmes about the double origins of biography and novels. Both are 18th century products, both are infused with the enlightenment ideal that the proper study of mankind is man. (The first great biography, Johnson's *Life of Samuel Johnson* in 1744 is a direct contemporary of Richardson's *Pamela*, 1740, which marked the beginning of the English novel).

But while the novel emerged out of the drawing rooms and boudoirs which started to be built in middle

class homes at this time, biography developed in the coffee house and club, home of gossip and anecdote. It is biography's maverick nature, its mix of truth and little-tattle, that has proved so alive, so adaptable and so dangerous - an 18th century wit said it "added a new Terror to Death" and

to suicide, used in the 1991 biography of the poet Anne Sexton.

Among less reputable reasons for enjoying biography are voyeurism, and the *schadenfreude* of seeing the famous cut down to size. An illuminating piece by psychiatrist Anthony Starr roots the modern tendency to *debank* - begun by Strachey in *Emment Victorians* (1918) - in the radical theories of Darwin, Marx and Freud, each "confirmed with cutting human beings down to size with demonstrating that man's higher spiritual impulses had primitive origins in biological drives or economic motives."

A growing interest in psychoanalysis, an increasing openness about our personal lives, the current cult of the celebrity, all account for our love of biography. But they are not the whole story. What the contributors here fail to acknowledge is that biography is a conservative genre whose recent ascendancy is related to a mid-brow reaction against modernism. Until the 19th century, biography

and novel went hand in hand: novels were fictional biographies, called after their heroes - *David Copperfield*, *Daniel Deronda*. With modernism however came a novel which had much less of plot and character than a biography - *The Wave*, *Finnegans Wake*. The modernist novel is more difficult than biography, and less confident. It does not believe in straight chronology, in the power of individual destiny, in larger than life melodramatic heroes.

Biography by contrast celebrates all these things, and so answers some of the needs we have in art: to emphasise, to make sense of our own life by understanding another, to engage in the extremes of pity and tragedy. In one sense biography is taking over from the novel as popular accessible literature. Ellmann's *Carroll Wilde*, for example, which has the sweep of a great tragic novel, is a best-seller.

Holmes calls biography the most lovable of modern literary forms: like a Jane Austen novel "it helps us the better to enjoy life or to endure it". Some of the academic contributions here make that enjoyment seem dry as dust, but the best of these writers highlight what fun biography can be, and so shed light on a fascinating cultural phenomenon.

# The woman of Gaza

My late godmother readily admitted that Israel was responsible for a great and dangerous injustice - the displacement of the Palestinians. But she declared herself incapable of breathing a word of public criticism of Israel. She thought that a large number of her fellow-refugees from Nazi tyranny felt exactly the same way and she could not offer a solution.

Yet Israel and her neighbours are at last breaking out of the Holocaust's iron grip. The passage of time and the rise of new generations have begun to heal even the deepest of wounds. The veteran leaders on both sides feel under pressure to accommodate the expectations of their new constituents. Even the most intransigent leaders see a need to mellow.

In her biography of Hanan Ashrawi, the American journalist Barbara Victor reflects on some further reasons for rapprochement. She thinks that events since 1982 have weakened the American sympathy for Israel.

Essential to Israeli intransigence, 1982 was a turning point because Israel seemed to have overreached its defensive needs in invading the Lebanon.

To be sure, the Palestine Liberation Organization (PLO) continued until quite recently to offend western opinion through its terrorist activities, and the start of the Intifada in 1987 ostensibly did nothing to help. But whereas in earlier decades media manipulation might have represented the Intifada as mere gangsterism, it came to be regarded as a heroic uprising against Israeli occupation of the West Bank and Gaza.

Other factors, too, conspired to convince Israel's leaders that some degree of Palestinian autonomy was inevitable. One was the sheer durability of PLO leader Yasser Arafat. Another was the Arab wealth that poured into PLO coffers following the 1982 invasion.

This made the Palestinian nationalists "the richest group of underprivileged people in the world", perhaps softening the PLO leadership and making it more acceptable to business-driven America. Yet this was still not enough to change the heart of a nation that had a major Jewish lobby and was hooked on the propa-

ganda line from Tel Aviv. According to Victor, Hanan Ashrawi was Israel's true Nemesis. Brought up in the occupied territories of the West Bank, Ashrawi was a Christian, an academic and a westernised woman, on the surface an unlikely persona to assume the role of the PLO's chief negotiator. But unlike the exiled PLO leadership she knew her grass roots and, crucially, could understand not only American concepts of republic and democracy and gentlemanly honour, having taken her doctorate at the University of Virginia, but also the critical breezes of 1970s US feminism, some of whose ideas she drafted into the Palestinian cause. No wonder she became a media personality in the US, and such a powerful advocate of the Palestinian cause.

Ashrawi negotiated for the

HANAN ASHRAWI: A PASSION FOR PEACE by Barbara Victor

Fourth Estate £12.95, 224 pp.

PLO right up until the Washington agreement of September 1993, which gave the Palestinians the Gaza strip and Jericho. But by this time, she was ready to resign. According to Victor, she was genuinely critical of Arafat's compromises. Yet it is clear from her own book that Arafat was a tough negotiator, and equally evident that Ashrawi had a stronger preference than he for peaceful solutions. As Victor notes, she is a leader of Palestine in the making and probably wants to wait in the wings until the Washington accord's weaknesses become apparent and the need for a new leadership could be asserted.

Judging from Victor's book, she will not lack friends when that moment arrives. Ashrawi already receives money from "influential American benefactors," which could mean anything from private individuals and foundations to the US government taking out an option on the next Palestinian government. Whether that background will do her any good in Palestine remains to be seen, but it may embarrass the Israelis into making some more realistic concessions.

Rhodri Jeffreys-Jones

# True stories to freeze the heart

Tony Parker is the writer who has turned the taped interview into high art: he sets the scene with a brief paragraph or two and thereafter never intrudes into what his subjects choose to say. There must, of course, be much craft behind this, but the skills are never visible.

His new book, *The Violence Of Our Lives*, is a direct sequel to his much-praised *Life After Life*, which was a collection of interviews with a dozen murderers in British jails. He now moves to the US, the country which has the gross distinction of the world's highest rate of capital punishment, and where savagely punitive sentencing is the norm. Parker talks with 18 men and women who are either serving, or have recently been released from, life sentences, and adds as a postscript a batch of "victims" - family of either the guilty or their subjects. All but two of Parker's interviewees committed murder, and none of them denies it.

Parker understands that these 18 are in no sense a sample and that no generalised conclusions can be extracted. His intention, we are forced to conclude, is simply to show us 18 people, Americans of very different quality and background, who have in common only the fact that they have been consigned to prison for much of their lives. They serve, or will be required to serve, 19 years, 25 years, "natural life" (i.e. for ever), 48 years, even 15 years.

Some of the murders were accidental; some were what we would call *crimes passionnels*; some were fuelled by drugs; some were in response to unbearable abuse; one was a Vietnam hero who had been trained only to kill ("I'm not saying I'm not to blame... But it was them in the first place, they were the ones who put it into me, the violence of our lives").

Some of them have accepted that they will never come out; one of them is planning to escape from his eight life sentences plus 300 years. Some

turn to religion, or to serious education, or to poetry, or to lesbian love.

Most of them are lucid and reflective ("Prison is the only place in the world you can go where there's nothing else for you to do but think..."), he adds. "When I went in I was stupid and irresponsible, and when I came out I was a better man later, at last I was a mature and thoughtful man." A number of them plan to make good for what they did, and some of them are already doing so, like the man who was actually seated in the electric chair when his commutation came through: he has so far served 48 years of a terrifyingly empty life, and has been

THE VIOLENCE OF OUR LIVES by Tony Parker

HarperCollins £18, 256 pp.

allowed out of jail 166 times to give talks at schools, churches and as a fine collection of good childhoods, or so they volunteer, underprivileged, un-bused, in what may have been adequately loving families. More than half are black or Hispanic, which is representative of America's 1.25m prison population. But they cannot be lumped together: there is a professional criminal who cannot quite remember how many people he has killed, a lawyer who ran down a traffic cop who had not even given him a ticket, and a university teacher who shot his student bride.

J.D.F. Jones

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# Through America, guided by literature

Jurek Martin dips in and out of US history in good company

Travel books, unlike most others, do not have to be read from beginning to end but may be sampled according to the reader's interests and idiosyncrasies. For whatever reason, I first delved into Gavin Young's modern journey into America's past not in Central Park, New York, where it started, or in the Yukon, where it finished, but at the chapters devoted to Custer's last stand in June, 1876, at the Battle of the Little Bighorn in what is now Montana.

It so happens this is one of the least persuasive and enlightening parts of a travelogue with many fine, if frequently depressing, passages.

FROM SEA TO SHINING SEA: A PRESENT DAY JOURNEY INTO AMERICA'S PAST by Gavin Young

Hutchinson £20, 298 pages

Perhaps this is because the last great Indian military victory, but the beginning of the end of their way of life, has been written about so well and extensively elsewhere - in factual accounts and even in fiction, such as George MacDonald Fraser's entertaining and historically accurate *Flashman* and the Redskins - that Young does not have much to add to the sum of human understanding.

"I felt sad leaving the Custer battlefield," he writes. The Frontier, home of Crazy Horse and the source of glamour for city-bred Americans, "had moved somewhere else - but where to: to the moon? Today's reality at the Little Bighorn was tourists, fry bread, and an X-tra large iced tea for \$1.50."

Only in the wilderness of the west and north - and, to a lesser extent, in the surrounds of the Alamo and what was once the whaling seaport of New England - did the old America find much of the old America, physical and spiritual, alive today. But his yardsticks are not merely rooted in his own knowledge and experience of the country but the milieu

created by the American writers who are his conscious guides throughout.

Thus he starts his journey not really in Central Park, but in Sag Harbor, Long Island, which is where John Steinbeck began his *Travels with Charley* and where Herman Melville did his homework for *Moby Dick*. He follows Steinbeck's Depression-era Okies down Route 66 into Arizona, on their way to California and goes on minutely to examine modern Salinas and Monterey, where Steinbeck wrote *Cannery Row* and *Grapes of Wrath* and so incurred the discontent of local citizens that he eventually left to live elsewhere.

His guide to Los Angeles is Raymond Chandler's Philip Marlowe whose office in the city would now be in the ghetto where not even the toughest private eye could operate, especially since Young was there in the aftermath of the riots that followed the first acquittals of the policemen who battered Rodney King. His wilderness mentor is naturally Jack London, with some assistance from Robert Service.

In these sections, the author's powers of gentle observation serve him in good stead, though they often appear subordinated to the words and thoughts of his literary guides. But Young inserts himself more into his chapters on the Battle of the Alamo and Sherman's devastating march through Georgia to the sea, in both of which his literary debts are more scattered and his contemporary research more original and entertaining.

The Alamo chapters are particularly fine. It may be that the doorway under which William Barrett Travis wrote his proclamation of defiance in 1836 to Santa Anna, the Mexican general, is now the entrance to Wendy's Old Fashioned Hamburger emporium, but otherwise Young senses the Alamo is indeed remembered. Davy Crockett and Jim Bowie, two western legends, may have died there, along with 181 other defenders of the mission-cum-fortress, but hardly in vain. No "losing" battle in history may have had



Plenty Coups, the last traditional Crow chief, photographed in 1890 - from *Plains Indians* by Colin F. Taylor (Sealander £24.95, 256 pages)

larger territorial consequences, for his victory at the Alamo induced Santa Anna into fatal mistakes against Sam Houston's ragged Texas army that ultimately led not only to the addition of Texas to the United States of America but California, Arizona, New Mexico and a few other western states as well.

Young's best guide to the Alamo is one Maury Maverick, local San Antonio newspaperman, raconteur, and great grandson of "the only Yale graduate in the Texas Revolution" whose practice of not handing his cattle has now entered the English language

as a synonym for independent-mindedness.

Similarly, the devastation of Georgia after the vital Union victory at Chickamauga is recorded through eclectic eyes, dead, alive and the figments of the imagination (including Scarlett O'Hara). Most baffling to the author is how General William Tecumseh Sherman, lover of Shakespeare, Dickens and the theatre, could have laid waste with such savagery, and how he influenced others, like his subordinate, General "Little Phil" Sheridan, whose later orders to Custer were to treat the Indians with no more mercy.

Young knows the south, having covered the civil rights marches of the 1960s for *The Observer*, and often cannot understand why its history so often appears to exist so lightly in the present. It is not merely the sad shopping strips that now obscure the sites of so many Civil War battles. He laments the fact that the young blacks of Atlanta seem so much more attracted to Malcolm X than to Martin Luther King "who achieved a thousand times more for blacks than Malcolm." From Andy Young, who marched with Dr King and subsequently enjoyed a career on the world stage, he

merely extracts the resigned but unworried hope that time will redress attitudes. If the book leaves mostly a sense of sadness it has its shafts of hope. The author finds keepers of the faith everywhere willing to share a drink, a story and a joke; like the Irish barman in Sag Harbor who says: "well, you know what they say. American beer is like making love in a canoe. It's not bad. But it's too darn close to water." That is not a bad summary of Young's own selective travels around a country which can idolise its past without necessarily keeping it alive or learning from it.

Quoting John Rothrock of Stanford's Global Security Planning Center, he points to the likely aggression and radicalisation of over a billion disempowered youths as we go into the next century.

He might well follow this theme through. If technological proliferation is bringing weapons of mass destruction within the reach of many radical states, attempts to suppress the end results have an almost *Caute-like* faith in the technology of control. Super-quick missiles might be shot down, and threatening regimes might be targeted, but intercepting briefcase-sized nerve agent bombs or small nuclear devices is far less assured.

Perhaps it is time to rethink our notions of security. A polarised world with a disempowered majority having access to advanced military systems is a hugely dangerous place. Real security may come through responding to the cure North/South inequalities rather than trying to keep a military lid on a pot of global resentment.

Paul Rogers

# New generation of Star Wars

Fred Kaplan's *The Wizards of Armageddon* was a study of the scientists and strategists who erected the Cold War edifice of nuclear deterrence. Published more than a decade ago, it showed how generations of planners participated in an arms race involving massive nuclear forces, yet believed that they could maintain strategic stability and avoid Armageddon.

With the Cold War five years in the past, most of those ideas are now obsolete, so David Shukman offers us *The Sorcerer's Challenge*, arguing that the new world disorder is, if anything, more dangerous and uncertain. Scientists are now at work on new generations of weapons - sorcerers facing a challenge which is far more complex and unstable than anything the Cold War could give. They have to respond to a world in which developments in technology are bringing nuclear and other weapons within the reach of middle-ranking and often radical states.

Ballistic and cruise missiles are available to a dozen countries, biological weapons are now feasible and the rundown of the Russian nuclear industry is leaving redundant technologists hungry for work. Moreover, commercially-available computers, guidance systems and even satellite technology make it much easier for emerging countries of the South to leapfrog into advanced weapons systems. In the US and Europe, weapons scientists are operating in a climate of budget cuts, yet strive continually to convince their political masters that their technology advantage must be maintained.

The idea of a massive Star Wars defensive shield may be dead, but a "Son of Star Wars", to provide defence against third world missiles, is a ready budget winner, not least because of Israel's recent experiences of the Gulf War. This shield, though, is accompanied by many swords, from precision-guided cruise missiles to stealth bombers, backed up by

advanced satellite and airborne surveillance, smart bombs and every kind of special operations force.

As the axis of confrontation shifts subtly from East-West to South-North, the core issues of global insecurity are seen to stem from the deep divisions of wealth and poverty, with

THE SORCERER'S CHALLENGE: FEARS AND HOPES FOR THE WEAPONS OF THE NEXT MILLENNIUM by David Shukman

Hodder & Stoughton £20, 256 pages

increasingly radical nations in the south seeking to challenge northern control of the global economy. In a readable and wide-ranging book, Shukman concentrates on the sorcerer's response to the rapid spread of military technology with every kind of counter-measure, dependent where

ever possible on automated systems to avoid risk to their own military.

Ironically, a fundamental problem is the spreading of military technologies into the civil arena. Huge spending on the arms race stimulated all manner of technological developments, with many spin-offs finding their way into civil manufacture. Now, the tables are turned, as commercial high-tech industries are all too keen to make available new technologies adaptable to military requirements for anyone with the money to spare.

The response, inevitably, is from within the military arena; after all, at a time of declining defence budgets, new threats from "the South" are just too good to miss. For the most part, Shukman concentrates on these new technologies of control, but here and there he gets beyond the immediate military dimension to approach the fundamental issue of the causes of



## BOOKS

# Money as the root of power, freedom and evil

Time and wealth may be the heaviest burdens of life, but spend both here, writes Martin Wolf

**D**r Samuel Johnson's opinion of writers, "no man hot a blockhead ever wrote, except for money", must also apply to people who create anthologies. If Kevin Jackson's *Book of Money* is to make some of it, buyers must be found.

As a dedicated non-purchaser of anthologies, my starting question was why anyone should wish to purchase 465 pages of variegated thoughts on money. Now I believe I can answer that. I see the ideal purchaser as an exhausted foreign-exchange dealer, collapsed in bed after a long day at the screen, flicking through these pages for imaginative nourishment on his or her favourite subject.

What will such readers find worthy of their attention? A great deal is the answer, even if they will end up not a jot the wiser about the monetary

THE OXFORD BOOK OF MONEY  
edited by Kevin Jackson  
Oxford University Press  
£17.99, 465 pages

system nor a whit better at outwitting their competitors. They will be reminded that "money is a medium of exchange, a measure of value, a standard of deferred payment and a store of value" (Sir Norman Angell), and he told that "money is power, freedom, a cushion, the root of all evil, the sum of blessings" (Carl Sandburg).

Here they will find Dr Johnson moralising that "money and time are the heaviest burdens of life", while there they will read Karl Marx walling that "since money, as the existing and active concept of value, confounds and exchanges everything, it is the universal confusion and transposition of all things, the inverted world, the confusion and transposition of all natural and human qualities". This is Marx's leaden way of telling us that he does not approve of the stuff.

There is, it appears, a Germanic style in such matters, for here also is Marx's master, Hegel, explaining that "money is not one particular type of wealth among others, but the universal form of all types so far as they are expressed in an external embodiment and so can be taken as 'things'." If this does not put readers to sleep, nothing will.

When there, they can dream of Oscar Wilde's delightfully practical Lady Bracknell, enquiring "as a matter of fact, Mr Worthing, I had better ask you if Miss Cardew has any little fortune?" Jack:

"Oh! about a hundred and thirty thousand pounds in the Funds. That is all. Good-bye, Lady Bracknell. So pleased to have seen you." Lady Bracknell (sitting down again): "A moment, Mr Worthing. A hundred and thirty thousand pounds! And in the Funds! Miss Cardew seems to me a most attractive young lady, now that I look at her. Few girls of the present day have any really solid qualities, any of the qualities that last, and improve with time. We live, I regret to say, in any age of surfaces." Or, as Dr Johnson might have said, no man but a blockhead ever married, except for money.

Money is also political. One of the founding fathers of the US, Alexander Hamilton (1755), enters the intriguing thought that "a national debt if it is not excessive will be to us a national blessing; it will be powerful cement of our union. It will also create a necessity for keeping up taxation to a degree which without being oppressive, will be a spur to industry; remote as we are from Europe and shall be from danger, it were otherwise to be feared our popular maxims would incline us to too great parsimony and indulgence." What, though, would Hamilton have thought of a national debt of \$4,670bn?

King Lear explains why Hamilton's national debt can readily become the national fraud by pointing out that "no, they cannot touch me for coining; I am the king himself." The counterfeiting of money is, after all, the most fundamental of state monopolies.

Here is Adam Smith, ever lucid, explaining that "the real price of everything, what every thing really costs to the man who wants to acquire it, is the toil and trouble of acquiring it." Not far away on the pages, though at the opposite intellectual pole, is the socialist Robert Owen, insisting that "money, which has been hitherto been the root, if not of all evil, of great injustice, oppression, and misery to the human race... will be no longer required to carry on the business of life: for as wealth of all kinds will be so delightfully created in greater abundance than will ever be required, no money price will be known."

Alas, poor Mr Owen, money will always be with us, even if, as J.M. Keynes declares, the love of money as a possession is to be recognised as "a somewhat disgusting morbidity, one of those semi-pathological propensities which one hands over with a shudder to the specialists in mental disease."

I enjoyed this book. Mr Jackson is no blockhead and deserves the reward recommended by Dr Johnson.



Death and the Miser: Hieronymus Bosch's 16th century vision of the wages of materialism, from "The Renaissance: European Painting 1400-1600" (Studio Editions £25, 308 pages) by Charles McCorquodale.

## Britain's heritage deconstructed

**R**aphael Samuel has an impeccable pedigree as a radical historian. He was one of the founders of History Workshop, arguably the most influential movement among young, and now middle-aged, historians on the left - and, indeed everywhere. Yet this book, if not quite a threedy for "heritage", is a sympathetic account of a trend more often dismissed as vulgar and commercial, or even as treacherously false consciousness, by his fellow radicals.

Reviewing what Samuel himself calls an "open text" to be differently interpreted by different readers, a rich but eclectic collection of essayistic chapters skilfully and suggestively woven together, is not easy. The attempt to discern the threads which run through it, to identify Samuel's argument, runs the risk of the very reductionism that is one of his principal targets.

But, in summary, he argues that the popular, even demotic, history beloved of the left and the "heritage" movement, rather than being seen as directly opposed, are in fact closely linked. Both need to be

rescued from the condescension of professional historians and the disdain of acolytes of high, or official, culture. Furthermore, Samuel suggests that they can be linked, retrospectively through their common genealogies and prospectively through the playfulness of post-modern thought, in which fiction, myth and fantasy are seen as significant as positivistic "truths".

All three, popular history, "heritage" and post-modernism, are powerful presences in the 1990s. But few others have attempted to link them, as Samuel does, in such an ingenious and sustained narrative. He builds a persuasive case for arguing that the rise of women's, or gay, history and the building of "heritage" theme-parks, like the Jorvik Museum in York or Beamish in Durham, form a spectrum of

attempts to re-interpret the past. The growth of preservation societies, the enthusiasm for retro-chic (yesterday's fashions), the passion for collecting old photographs or his-

THEATRES OF MEMORY VOL 1: PAST AND PRESENT IN CONTEMPORARY CULTURE  
by Raphael Samuel  
Verso £18.95, 470 pages

torical re-enactment are strung out along that spectrum. Just as radical perspectives transformed the study of history in the 1960s and 1970s, so the "heritage" movement boomed during the 1980s and into the 1990s. It has a dignified component. The tradition of sophisticated costume-drama on television began

with *Brideshead Revisited* and continues, the latest example being *Middlemarch*. A generation ago the National Trust was an amenity, pressure group; today it is the largest mass movement in Britain with more members than any political party or trade union.

"Heritage" also has a less dignified aspect - tacky museums, "Georgian" litter-bins and the rest. But Samuel repudiates interpretations of "heritage" as another sickly symptom of national decline. Instead he links it with a vibrant tradition of popular history.

In particular he argues against two contentions. The first is that the passion for "heritage" is peculiarly British, decadent nostalgia for a grander and irrecoverable past. He points to the work of the Landmarks Conservancy in

New York, the Museum of Rural Life in Emilia, the rediscovered "dreamways" of Australia's Aborigines.

The second is that "heritage" is a movement of the right rather than the left. On the contrary, "the Body Shop emerged from the Brighton counter-culture; the Campaign for Real Ale from beer-swilling radicals" (although Samuel does not pursue the later controversies about the Body Shop or the themeing of pubs by the big brewers).

In this book, despite taking issue with "heritage" baiters, he remains true to a bottom-up view, a popular re-engineering of history and its myths. He does not consider the top-down view, which those baiters find so persuasive, that in an advanced economy trade in symbolic goods (the best example, money has been traded for centuries) takes over from trade in material goods. Events, experiences, ephemera are the new raw material of wealth creation, their volatility while he flattered and toadied to them.

When Swift suggested he should turn to London's underworld for inspiration, Gay saw

Peter Scott

# The law weighed in the balance

Christian Tyler on two very different interpretations

**B**oth these books are abstract, difficult explorations of the basis of law. But they are difficult for very different reasons.

The philosophical path along which Professor Barry, of the London School of Economics, conducts us is sometimes stony and slow. The reader may lose his way or have to pause for breath. He will be rewarded. At every turn of the trail he will come upon a broad and uplifting view.

Professor Vining, of the University of Michigan, follows no trail at all. His book is an outside collection of *persées* written in the pseudo-archaic, high-falutin' style - not at much scenery as swamp. If there are any profound or novel ideas hiding in there, they have been strangled by Vining's luxurious verbiage.

Barry's purpose, unfashionable in this age of relativism, is to describe and defend a concept of justice which is based on impartiality and has universal worth, as acceptable in Cincinnati as in Singapore.

It is an old and honourable venture. Plato in the *Republic* pursued an idea of justice based on "the good". Barry seeks one based on fairness. Developing the ideas of the American philosopher John Rawls, he discovers in impartiality the only mechanism by which rival conceptions of what is good can be reconciled without sacrifice or coercion, "a mutually acceptable basis for restraint in the pursuit of one's conception of the good."

The thesis - this book is the second of a three-volume treatise - may seem unexceptionable to non-specialists, even though Barry demonstrates that his use of the word "impartial" is not an everyday one - that treating people equally is not the same as treating them identically, for instance. But this is not the

virtue of his book. Its virtue for the non-academic reader consists in the analysis itself.

At every stage, Barry illuminates his argument with powerful examples drawn from real life. Thus, in the course of rebutting a theory of justice based on mutual advantage, Barry cites the Hindu-Muslim conflict in India, the fate of the Red Indians in North America and the bloodshed in former Yugoslavia. If justice is a function of the mutual advantage of the strong, he writes, who will protect cripples and other powerless minorities?

He elaborates the meaning of "fairness" by examining the

JUSTICE AS IMPARTIALITY  
by Brian Barry  
Clarendon Press £25, 315 pages

FROM NEWTON'S SLEEP  
by Joseph Vining  
Princeton University Press  
£19.95, 400 pages

membership rules of different kinds of club; and he shows why an ethical theory fails if it requires you not only to save a child from drowning but to buy it an ice-cream afterwards. He discusses the limits of partisanship that parents may show towards their own offspring.

There is some good knock-about about what Barry comes to deal with rival theorists. He devotes much space to Lawrence Kohlberg, a moral philosopher whose "Captain's Dilemma" he claims is absurdly rigged. (The captain of a retreating patrol in the Korean War has to decide whether to send his explosives expert to blow up a bridge and face certain death, or make his men draw lots instead.)

He then turns on Kohlberg's critics, in particular the quaintly-named Nel Noddings who defines moral obligations

in terms of personal relations, or "caring". Here, writes Barry, bogus moral dilemmas are easily created: should Ollie North's secretary have shredded the incriminating documents, or should she have obeyed the law?

To regard loyalty to one's boss as a genuine moral counterweight (as this author does) is simply to display a frightening lack of moral common sense, says Barry severely. An unavoidable feature of a caring Noddings regime, he adds, would be that women would have to be excluded from all public responsibilities.

The professor, it is clear, is no respecter of fashions or persons, feminist or otherwise. But however difficult his argument may become, he is at pains to keep his words always simple, clear and robust. (The phrase "sentimental tosh" occurs at one point.)

The same cannot be said of the self-indulgent Vining, whose thoughts are as convoluted as they are politically correct. His prose reads like Wittgenstein run through the mincer.

Here is the beginning of a short specimen called "The Relative Reality of Creation by Faith":

"A person who believes she is determined, and who does not indulge in the illusion that she is not, would not go on. She would not go on. When then is the illusion and which the reality?"

Another, called "Poetry", asks: "What makes words poetic? We must think we know. The terms 'poetry', 'prose', are with us and there is a reach to categorise with them, a tendency to do so of the sort we tend to think and call natural."

There is worse, much worse. In this handsomely-produced book, how does such stuff get into print?

# Subversion meets a chorus of approval

Anthony Curtis admires a new life of John Gay

**L**ocal boy - from Barnstaple, north Devon - who made good, John Gay, is popularly known as a one-work writer, the author of *The Beggar's Opera*. It has been steadily in the repertoire in modern times since the watershed production by Nigel Playfair at the Lyric Hammersmith in 1920.

The renown of Playfair's production spread across the Channel to Germany and inspired Brecht's secretary, Elizabeth Hauptmann, to translate the piece into German; her version was the basis of the Brecht-Weill production in 1927. It was Lion Feuchtwanger who suggested they should call the up-dated text *The Threepenny Opera*. Then in 1934 Gay's work re-appeared in Scarborough and London in yet another theatrical guise when Alan Ayckbourn made a *A Chorus of Disapproval* out of an imaginary production of *The Beggar's Opera* by a group of Welsh amateurs.

David Nokes of King's College, London, in this substantial new biography of Gay, reveals that disapproval on both moral and artistic grounds of Italian opera, then being introduced into England by Handel and others, was the historical background to Gay's masterpiece. Richard Boyle, the 3rd Earl of Burlington, was opera's early English patron. Burlington's house in Piccadilly became a source for the Italian style in both music and painting.

Unlike Hogarth, Gay was not among the disapprovers. On the contrary, he loved to attend Burlington's "lobster-nights" and he collaborated with Handel on at least one opera. He loved, too, the classical and Italianate legends that Handel ransacked for his plots. But as Nokes reveals, Gay led a curious psychological double-life. He belonged to society and craved for social advancement, latching on to people like Burlington, Henrietta Howard, the royal mistress, and the Duke and Duchess of Queensberry, he made strenuous if largely vain efforts to acquire a foothold at court, but at the same time his imaginative outlook was subversive. He saw through people while he flattered and toadied to them.

When Swift suggested he should turn to London's underworld for inspiration, Gay saw



John Gay; classical heroes became London villains

parallels between a classical god disposing of suppliant mortals in a Handel scenario and Jonathan Wild, the notorious thief-taker running the capital's protection racket. Greek mythological heroes became contemporary London villains. Peachum, Lockit and Macheath, Gay transposed the

JOHN GAY: A PROFESSION OF FRIENDSHIP  
by David Nokes  
Oxford £25, 363 pages

rival Italian prima donnas, Francesca Cuzzoni and Faustina Borodini, whose mutual loathing had been given the widest publicity, into Macheath's two charmers Lucy and Polly.

Nokes rejects the suggestion that any character was meant to be a straight portrait of Walpole the prime minister and dismisses as fantasy the celebrated account of how, when Walpole attended a performance, he joined in one of the choruses to loud huzzas from the audience.

*The Beggar's Opera*, performed in 1728 when he was 43, was the first work of Gay's to make any serious money. The impresario was John Rich and it was truly said that the work made Rich gay and Gay rich. Earlier he had lost most of his savings when the South Sea Bubble burst, but Nokes suggests he was not quite as naive in financial matters as his friends believed.

He had been apprenticed to a draper as a boy, but had

reneged and then made his way, through his literary gift and willingness to put it at the service of others, to a respected position in London. He was a member of the Scriblerus Club and remained on the friendliest of terms with the other members, notably Pope and Swift, for the rest of his life. He died when he was 47.

His long poem celebrating the completion of Pope's translation of Homer has found its way into anthologies and shows Gay's talent at its most accomplished and urbane. Nokes is concerned to restore to Gay the sole authorship of several works that have been up to now regarded as the result of collaboration.

The biography moves carefully against the complicated political background, with characters like Bolingbroke in and out of favour. The degree of separation that exists now between literature and politics, with Michael Foot uniquely straddling the two cultures, did not exist at this period. If like Gay, you were into literature, you were by definition also heavily into politics. Nokes relates Gay's works to the more famous ones by his contemporaries - *Gulliver's Travels*, *The Dunciad* - showing underlying attitudes in common.

Gay never had a home of his own. He was always someone's permanent house-guest; and he never had any sexual relations either. Yet Nokes makes a strong case for him as a responsible mature human being. Inevitably Nokes asks whether Gay was secretly gay, and indicates that he probably was. But above all he draws attention to the many works of Gay both in the prose and verse that have been unjustly eclipsed. There is a penetrating series of moral fables and several more plays that might well be revived, including a sequel to *The Beggar's Opera* entitled *Polly* set in the West Indies with Macheath in black-face. Another, about the youth of Achilles when he was disguised by his mother as a girl, sounds a distinctly modern transsexual chord.

It would be good to have an edition of some of these works at a price within the pocket of the general reader. Nokes has, in this authoritative biography, created a fresh taste for them.



## ARTS

## Drama at the Coliseum

An Arts Council review is threatening the future of the ENO, Antony Thorncroft reports

Dennis Marks, general director of English National Opera, is miffed. "The next hundred years of opera, music, dance and ballet in this country can't be decided in 21 pages," he declared, "and it needs more than four hours to look after the needs of over 350,000 people. ENO's annual audience."

Eighteen months ago Marks took charge of English National Opera at the Coliseum. He inherited a leaky boat. After years of generally great reviews and happy audiences for spunky performances in English, the recession and, perhaps, changes in taste, found him confronting a nasty deficit and some moribund productions.

In recent months he reckons he has turned the vessel. After falling below 60 per cent ENO audiences are reaching towards 80 per cent. It was just the fillip needed to persuade the ENO's friends, private and corporate, to stump up around £15m towards the £40m required to give the Coliseum its much needed refurbishment for the next millennium.

Then, in a film report and after only a few hours of talks with ENO management, an Arts Council review into the future of the lyric theatre in London held the ENO. It said it was a nonsense that the company should plan to close for renovation at the same time as the Royal Opera House, Covent Garden, and made it clear that Covent Garden's plans took priority.

It also suggested that the Coliseum present less opera and become the London

outlet for large scale dance companies, the report's preferred alternative to the chimera of one national dance house.

It was the sub-heading "A reduced role for the ENO" which caused Marks most angst. It claimed that, despite all the brouhaha about an opera boom, the core audience for opera in London, at around 600,000, was static and was insufficient to keep two large scale opera houses in permanent business. It speculated bleakly about the future of the ENO's orchestra.

So far the Lyric Theatre Review is a consultative document and the Arts Council will not make final decisions until April. But Marks must move quickly to prevent the Coliseum being seen as the poor relation of Covent Garden.

To some extent the review follows Marks' own thinking - he planned to reduce slightly the output of opera and to rent out the Coliseum to dance companies for at least 11 weeks a year. He is not against the idea of the ENO mounting adventurous productions in smaller venues or touring; or the orchestra being more flexible in its work practices - if the money is forthcoming.

Here there is room for compromise. The main confrontation is over the closure

plans of the two opera houses. The millennium, instead of being an exciting stimulant to the arts, is proving a millstone. Not every arts company can have a spanking new venue to greet January 2000, or, for purists, 2001.

But the ticking of the clock, and more

So far the review is only a consultative document, but Marks must move quickly to prevent the Coliseum being seen as the poor relation of Covent Garden

seriously, the need to acquire the essential National Lottery cash before that milk cow is dried up by some future government, has created an uneasy rush. The Arts Council announces its first lottery grants in April. Covent Garden and Sad-

ler's Wells, two key players in the future of lyric theatre, have already put in applications, for £50m and £27m, respectively. Dennis Marks has not helped his case by delaying the ENO bid for around £25m.

In the meantime he must come up with a credible scenario to deal with the closure question. "How do we stop both houses being closed at the same time is the wrong argument. What the Arts Council should ask is what is the best logical sequence for developing four houses - ENO, the Royal Opera, Sadler's Wells and the Lyceum." Marks is adamant that closing the houses does not mean no performances - both companies can perform elsewhere. He believes that with careful planning and goodwill London need only lose two to three major companies for just two to three months between 1997 and 1999.

In his view there are plenty of options, and frantic negotiations are in progress. It seems likely that Sadler's Wells will be developed first, and quickly, so that it is available to either Covent Garden or the ENO by 1997. Apollo, owners of the Lyceum, would be happy to welcome either company - if the Arts Council, as seems possible through the lottery, can provide some money towards a renovation

bill of at least £10m.

The Theatre Royal, Drury Lane, is less likely to play a role, with *Miss Saigon* scheduled to run there until at least 2001, but there is interest in a semi-permanent structure, perhaps in Battersea Park, which could be used by both companies.

Basically anything is possible - if the money is available. And here's the rub. The Arts Council loved the report on the lyric theatre, which was prepared by consultant Dennis Stevenson. He took some hard decisions on its behalf. The council is in no mood to compromise on the key issue of simultaneous closure. The message coming over strongly is that Dennis Marks has won plaudits for his work in improving the finances of the ENO but, with the company still running a large deficit, he should not push his luck. If he toes the line, postpones re-development to 2000, or later, then the Arts Council will probably do its best to ensure funds are eventually available.

For the council has looked at the figures and recoiled in horror. All the grand plans are only possible with lottery cash, and adding in extra expenses if the ENO and Covent Garden performed temporarily in smaller venues, the bills would approach

£150m. The outcry from arts companies outside London if opera in the capital was so favoured would be resounding.

There is another problem. The most disturbing statistics in the review relate to the audience for opera and dance. The dance audience is well down on two decades ago and opera has also had its vicissitudes, rising and falling with the economy but, after every decline, recovering to a lower peak. The costly development of (slightly) larger opera houses hardly seems to be meeting a popular demand. It could be seen more as satisfying the ambitions of a cultural elite.

This is the difficult context in which Marks must battle. On top of his short term financial problems, the report has added a worried workforce and confused friends, both private and corporate, who have already pledged £4m towards the re-development. In the past megaphone diplomacy with the Arts Council, as pioneered by Peter Hall in his National Theatre days, was not productive. With a new, and tougher, team of Lord Gower and Mary Allen running the Council, such an approach may be even more dangerous.

Dennis Marks has been unlucky. He inherited a mess; has made strenuous, and largely successful, efforts to clear it up; and has been rewarded by seeing his ambitious plans for the future placed in jeopardy. His best solution might be to play the long game, build up the approval of the Arts Council, and hope that it repays his patience by giving him a smart new Colbie in five years time.

## Cell Mates

Simon Gray's new play about the spy George Blake and his former co-prisoner

Simon Gray's new play, *Cell Mates*, seems to be the latest of the many reflections in recent years about spies and about that dreadful but haunting dictum of E.M. Forster: "I would rather betray my country than betray my friends". Who can betray the former without betraying the latter?

"Spies betray people..." says George Blake in *Cell Mates* to his friend Sean Bourke. "It's what we do. Even when it isn't strictly necessary." The play suggests that the true spy betrays his friends without really betraying his country at all - for his country is the one on whose behalf he spies.

In prison in 1964 (act 1, scene 1), the spy George Blake befriends the Irishman Sean Bourke, so successfully that Bourke helps him, in 1966 (scene 2), to escape. Out in the big world, when the British cops and secret service are after Blake's collaborator, Blake and the KGB help Bourke to escape detection - by bringing him to stay with Blake in Russia (scene 3); and - here's the rub - by keeping him there (act 2). In ways small and large, Blake keeps deceiving Bourke about the nature and duration of his stay in Russia and about the KGB's attitude to him.

We witness each man, when alone, recording his thoughts into a tape recorder. Bourke's are artless - suspicious at times, sure, but spontaneous, intense, heartfelt. Blake's, however, are guarded and calculating. Bourke escapes for six weeks but, when he returns, his tape-recorder is full of his rambling affection for, and fascination with, Blake. Blake does spend some time wondering about his treachery to Bourke. But people are expendable when you have ideals and a country to serve. "How can I have any remorse," he asks the tape-recorder in his final soliloquy, "when I have directed my life to make a man as free as I think about it afterwards... but stupid, as it feels while you watch. *Cell Mates* all too often echoes Alan Bennett's *An Englishman Abroad*. Bourke the visiting Westerner becomes, in an audience's eyes, the male equivalent of Bennett's Coral Browne; Blake an alternative to Guy Burgess; and the recycled Irish songs Bourke sings to the Russians are incongruous in

Blake's Moscow apartment in just the way that the replayed Jack Buchanan 78rpm record was in Burgess's. Meanwhile, the uncertainties and suspicions that develop between the two men recall too many other modern plays about two chaps biding their time - *Waiting for Godot*, of course, and especially Pinter's *The Dumb Waiter*, with its threatening implication that both surveillance and death wait just offstage.

Gray himself directs, and has brought together two of our most celebrated comic performers to play Blake & Bourke. (Maybe he was influenced by those productions of *Godot* that have used comedians.) It must have seemed an especially astute stroke of surprise casting to have Stephen Fry play the spy. Fry is the all-things-facade: so damnably English on the one hand, and so perplexingly inexpressive on the other. Watching a facade, however, is not a lot of fun in the theatre. You watch all those unyielding and unbending cubic feet of Fry's great body, and you listen to that suave, clubbable, heartless basso profundo voice of his, and time passes very slowly.

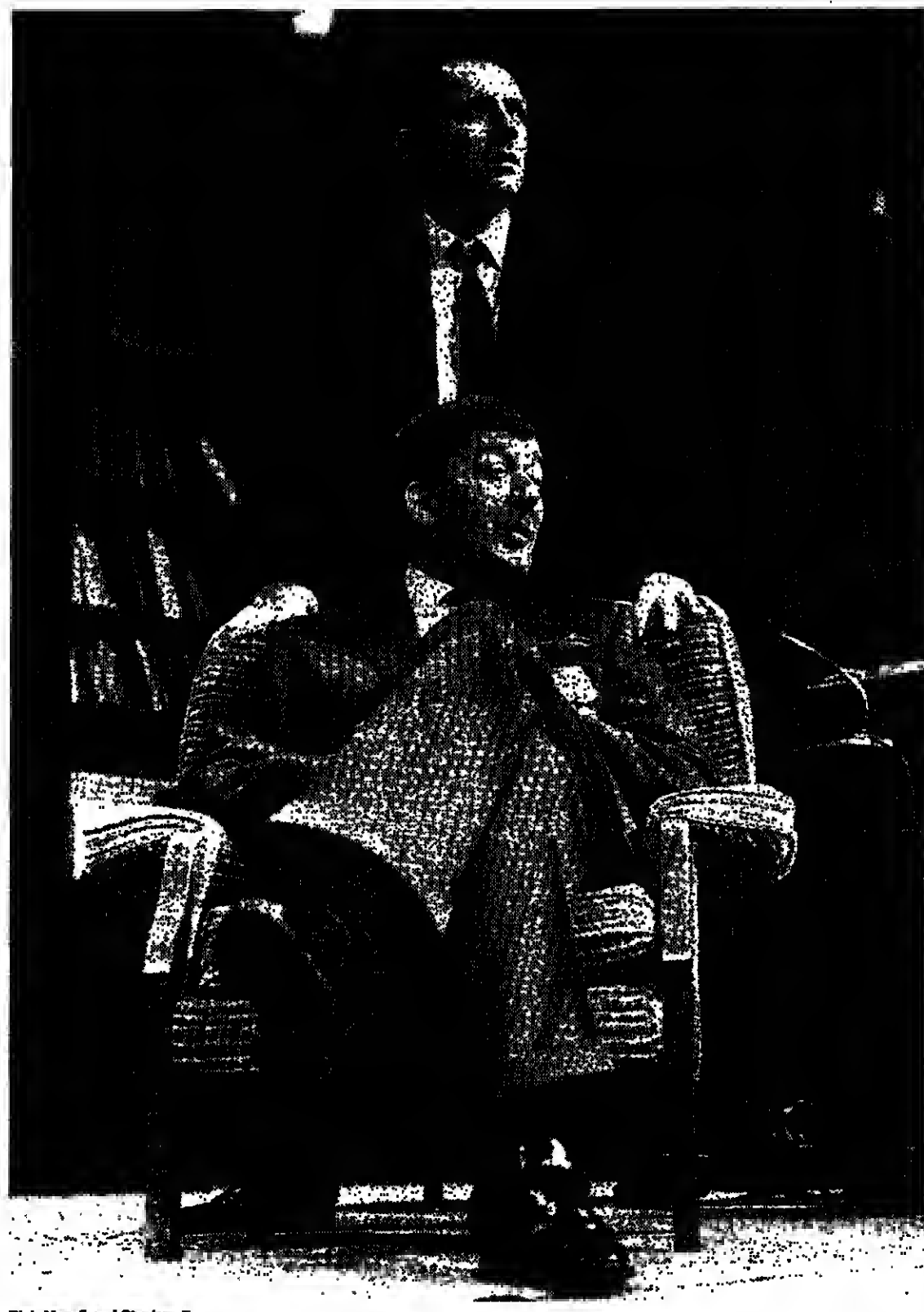
Time passes much faster while you can turn your mind to Rik Mayall's performance as Bourke. Whereas Fry doesn't feel like an actor (merely an act), Mayall acts with absorption, variety, and attack. His sheer energy illuminates the play, and he is one of those rare but blessed performers who are so natural that occasional lapses of accent (Fry, in this case) is immaterial.

Now and then the play has its humour, and its inner pace is quickened when it concerns itself with funny little things - like the troubles the two KGB men, Victor and Stan, have with correct English, or Bourke's *faux pas* with them. "How's everything on the Western Front?" he asks them. Later, Victor tells Bourke "You have brought us much funniness", and Stan corrects Victor "Fun is the word" - spoken with such Russian solemnity that we laugh as they never do.

But the play begins in a trough of exposition. Thereafter, its general tempo remains sluggish.

Alastair Macaulay

The Albany, WC2.



Rik Mayall and Stephen Fry

Alastair Mac

## The Servant takes the stage

You do not have to sift many tabloid revelations by disgruntled ex-employees to realise that no man - whatever his status - is a hero to his valet. Bill Alexander's period production of Robin Maugham's 1948 novel *The Servant* for the Birmingham Repertory Theatre Company is proof of how compelling this relationship can be.

Back in the brittle social heat of London after five wild and lonely years of military service in Africa, James Purefoy's upperclass Tony is systematically reduced to a life-style of insulated indulgence by his seemingly indispensable

new manservant, Barrett. When there is Dover sole, lemon cobbler and "The Times" crossword to sink into at home, who needs nights out, city interviews, the dry sophisticated wit of David Phelan's deliciously repressed Richard Merton or the head-girl attentions of Amanda Harris's superbly petulant Sally?

With inscrutable efficiency, Paul Copley's smoothly engaging and eerily uncanny York-shirean turns his master's need for his services into a crippling addiction. What Alexander leaves pointedly absent in this contest of upper class values and working class guile is whose need of whom is greater.

"It would disturb me if I felt I was going beyond the mark," says Barrett, loading Tony's glass with whiskey just moments before foisting his sexually feeble 17-year-old "niece" Vera on his morally spineless employer.

The same chemistry is curiously missing between Purefoy's master and Copley's servant, the true nature of which seems to slip between the living room, the bedroom and the kitchen, and the floorboards of old fashioned melodrama.

Where Joseph Losey's 1963 film starring James Fox and Dirk Bogarde turned this psychological melodrama into a homoerotic cult, Alexander

underplays, even misplays, this ambivalence. Copley's performance, though creepily manipulative, is woefully short of the kind of sexual charisma that would keep Mary Whitehouse in thrall, let alone Purefoy's Tony or Fo Cullen's supposedly besotted Vera.

What has greater resonance is the crumbling post-war class society so baldly looked out by Barrett when he bolts the shutters of Number 7 Benson Street in the first act.

Temporarily parted from Barrett in the second half, Tony falls impressively apart in a binging rage of self-pity. It is here that Alexander's muddy ambition finally catches up with Kit Surrey's staggered Upstairs Downstairs set. With floors looking chewed off around the edges and dilapidated brickwork jutting into the wings, the interior veneer and Tony's increasingly hollow pretences at civility belie the chill wind of cynicism and the cheerless reality of the unstable post-war years.

Eventually only money seems to keep Barrett from snapping the props of Tony's condescending superiority like so many *Psychobitch*.

A palatably entertaining evening, but those expecting the *psychological fireworks* of Joseph Losey's film version had better look elsewhere.

Justin Hughes

## Antiques Fair Olympia looks to the Orient

an unmistakable feeling of recovery after five years of recession. There were over 3,000 visitors on Wednesday, 1,000 more than a year ago, and they were anxious to buy - especially anything unusual, of high quality, and realistically priced. Foreign collectors are out in force, including some Americans.

By Thursday lunchtime Billingshurst dealer Wakelin and Linfield had sold 14 pieces, 12 of them overseas, including one to the King of Jordan. Like many dealers in the last few years Wakelin and Linfield shut down their under-visited shop and now work through fairs, a dozen a year, where they meet more potential customers and enjoy much lower overheads.

Among their late 18th and early 19th century furniture the exceptional item is one of the best gentleman's presses, or clothes store, to appear on the market for some time. Its great attraction is that it is

totally unrestored from its 1780 origin. It is priced at £24,000.

A feature of February Olympia is the scrapping of date lines, so London's leading dealer in contemporary ceramics Anita Besson shows alongside Richard Philip showing Old Master drawings and early 17th century portraits. There is keen interest in this sector, which has suffered decades of neglect, especially from Americans, keen to acquire some mythical ancestors. An unusual family group of grandparents and grand daughter, dated 1827, is priced at £28,000.

February Olympia is welcoming to foreign dealers and there is a strong French presence. But one of the happiest newcomers is Hague Fine Arts from Holland which has done extremely well, perhaps partly because its continental furniture and oriental ceramics are priced below UK figures. British dealers have been among its best customers, although the most unusual item, an early 17th century cabinet commissioned from Japan by the Bentinck family and with an attractive veneer of raykin, was still available at £82,500. This is one of the more expensive items in a fair that caters for the keen collector with between £1,000 and £10,000 to splash.

A.T.

## Television/Christopher Dunkley Behind the Iron Curtain

The peculiar appearance and behaviour of Leonid Brezhnev in the final years of his life were caused not by cortisone injections but by an addiction to sedatives. During the Korean war Kim Il Sung did not merely receive aid and advice from the Russians, his every move was controlled by them. So secret was the deployment of SS20 missiles that even those in the highest ranks of the Soviet establishment were kept in the dark; they only found out if they were in close contact with Americans. Reagan's "Star Wars" defence system was taken so seriously by the Russians that they finally drove their economy to breaking point in their attempts to counter it.

Perhaps some of this is already known to those who read international political journals and the latest academic tomes on contemporary history. Others may find themselves muttering "Well, well, well" as these and other startling facts are revealed in the BBC series *Messengers From Moscow*, which starts tomorrow. Following the collapse of communism, Daniel Wolf has produced four engrossing documentaries which tell the story of the Cold War as seen from the Soviet point of view, starting at the end of the second world war, and ending with Gorbachev's perestroika. The result is a sort of history which has never been available to any previous generation. In the past the victors heard only their own side's version of events. These four programmes not only provide the Soviet version, they bring it straight from the horses' mouths.

The technique is now well established. Archive film is married to a script which often utilises documents only recently released, and these are combined with interviews of key witnesses - politicians, interpreters, army officers - to produce a narrative account of events and simultaneously an informed commentary upon them. Thus tomorrow's programme features Leonhard Wolf, for instance, one of the men sent by Stalin to Berlin in 1945 to organise what was intended, as these programmes make clear, to be the communist take-over of the whole of Germany. At another moment as we look at the KGB building where, we are told, Trotsky's assassination was planned and poisons were refined, we are slowly made aware that the pudgy-faced old man seen gaz-

ing wistfully across the street at his former office is Pavel Sndoplatov, the very man responsible for these horrors.

Wolf has perfected a neat and highly effective bit of visual grammar to put his witnesses into historical context. We hear a voice, talking, maybe, about Molotov. We then see either a still photograph or a film clip which freezes on one frame, showing Molotov on the occasion in question, surrounded by aides. Interpreters, and so on. The picture then dissolves to leave a halo of light around one face. It is always the face, decades younger, of the person who is now being interviewed for the programme and whose voice we can hear. The effect is to say "He" - almost always he, though there is some film footage, now released by the KGB, showing Elena Bonner, otherwise Mrs Sakharov, being shadowed in the street while she campaigns for human rights - "does know what he is talking about; he was there".

Some of these witnesses now admit that the entire Soviet experiment was a disaster imposed with no trace of democracy upon the Russian peoples. Less predictably, more frighteningly, others seem to be still indignant about the manner in which Khrushchev denounced Stalin in his notorious speech to the 20th party congress. It seems that even today, nearly 40 years later, they are still concerned to protect the image of Stalin, the party, and the revolution, and unable to admit that the system and its proponents - especially Stalin - have been utterly discredited.

The special fascination of these programmes, particularly for anybody of 50 or more who has lived through the entire period, comes from comparing the descriptions of Soviet attitudes, Soviet feelings and Soviet beliefs with what we were told, and what we believed, at the time, whether during the Cuban missile crisis, the Vietnam war, or the detente of the Nixon period. It is sobering (especially, I suspect, for those of us who were Marxist-Leninists in the 1960s and Aldermaston marchers in the 1960s) to recognise now the appalling wrongness of the fellow travellers and the rightness of the Robert Conquest and the Bernard Levis, whom we dismissed as conspiracy theorists. *Messengers From Moscow* shows that it was, indeed, an elaborate and extremely nasty conspiracy.

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مكتبة الأمل



## ARTS

Radio/Martin Hoyle

## New 'shock-jocks' fail to deliver

Valentine's Day 1995 marked the centenary of the first performance of *The Importance of Being Earnest* and the inauguration of Talk Radio UK, an interesting comment on the effect of universal education on public taste over the past 100 years.

Be warned: TR UK is riveting, much as a snake is riveting to a rabbit: you become ensnared by its beautifully sleazy twaddles. Each moment seems to have hit rock-bottom only to be surpassed in squalid banality by the next. Why did anyone think we needed it? Because the Americans have this sort of thing. For better or worse, Americans also have fewer restrictions and more aggressive vitality. The result here is an anaemic force that falls flat on its face when compared with the savage "shock-jocks" across the Atlantic.

On Tuesday afternoon a whimperingly self-igniting young man triumphantly interviewed Britt Ekland. "You hate sport, don't you?" he asked. "I love sport,"

she replied. "It's a swine, growing old, isn't it?" he persisted. "No, it's not," came the reply. She told us she had a ping-pong table at home and was shortly touring in *Run for Your Wife* with Robin Askwith ("just like my little brother - I can smack his botty"). She gave details over the air, asserting "there must be some people listening in Glasgow and Edinburgh" in a distinctly doubtful tone.

The presenter revealed he had read Freud, or at least the title of one of Freud's works. "Dreams are about things we wouldn't do in real life," he added nervously. "I've done it all," snapped Miss Ekland, whom I was beginning to like. Shaun rang in to say he dreams in black

and white and his girlfriend is an expert. "Put her on," they cried. "She's not here," he said. Of such exchanges are great conversations made.

The session ended with the interviewer telling Britt how nice he had been to her. "I didn't want to talk to you as if the men in your life were the most important thing about you," he quavered, recalling Peter Sellers and Rod Stewart. "You did," she replied.

The next programme was fronted by a couple obsessed with showbiz gossip and kiss-and-tell stories. She (Carol) recounted her groupie experience in a star's hotel room when she "did the business". This behind-the-bike-shed drivel concluded

with general agreement that *Blind Date* with three celebs on the stand would be brilliant. Searing topical stuff.

The acid test came with Caesar the Gezer's nocturnal stint. Our own much-heralded shock-jock, he is "an ordinary guy who takes no crap", to quote the mid-Atlanticisms in which he flounders. Ordinary? Perhaps less articulate, logical or consistent than most. He set the edifying tone by asking if God existed and hinting darkly that he had documentation confirming alien things in space. Callers were understandably slow in coming forward at first, though the father of Caesar's god-daughter reproached him for not seeing her for ten years. "Emma!" cried our hero

with glad recognition. "Anne," came the curt enlightenment.

With British broadcasting so regulated, a would-be shocker can do little but wallow in infantile rudeness. A voice exclaims "Dickhead alert!" at such underlings as Liverpool supporters who are then cut off, though Caesar claims tolerance for worshippers of "Mustapha, Buddha or Jesus Christ". His claim that "in 17 years of broadcasting I personally - I mean me as a person - have never had a complaint upheld against me" is understandable: when a man is totally incoherent it is hard to pin down. He raged about some future entry into Europe, apparently unaware that we have been in

the European Union for some time. Cries of "crap!" and "stuff geography!" are the *ne plus ultra* of his political philosophy. "I'm British and proud of it!" he belatedly. As an iconoclast the Gezer has certain shortcomings.

The most depressing thing about this grabby-minded enterprise with its obsession with the seedy and pathetic is its listeners. Some not unintelligent people rang in to praise. Many sounded muddled, some mentioned joints (paula from the broadness: "Say no to drugs!" they squawked).

Perhaps Caesar is the ordinary guy of our times and those who rule our destinies know exactly what they are doing. But what mind-numbing, nerve-grinding emptiness drives listeners to spend more than five seconds with this garbage? With less, trivial, sordid and callow, it exists shock by jolt with the greatest broadcasting organisation in the world. And nobody finds it incongruous. There was a lot to be said for 1895.

The review at Liverpool's Walker Art Gallery of Maurice Cockrill's development as a painter over 20 years comes not before time, for he is one of the most interesting artists of his generation. Now in his late fifties, he was a serious contender last summer for the inaugural Jerwood Prize, and this retrospective in the city where he lived and taught from the 1960s to the 1980s is an appropriate accolade.

Yet only comparatively recently has he emerged as something of a star. He was a late starter, taking up the study of painting only at the age of 24. The review begins with him in his early 30s, because he had previously destroyed all his early work - a wanton decision taken on impulse that he now deeply regrets. It took him some time to re-establish any working impetus, but since then development and change have been rapid and continuous.

At first he committed himself to photo-realism, a now somewhat dated genre that picked up upon certain aspects of Pop-Art, and seemed at the turn of the 1970s to offer a way forward for serious figurative painting. His were images of petrol pumps, bushes, a stall at a fête, the entrance to an anonymous modern office block. Yet flat and impersonal though they were in the painted surface, and detached in feeling in the rather feeble way afforded by an over-sharpened focus of the imagery, already they were moving away from mere transcription towards something more intuitively interpretive and expressive.

The most revealing works of this first phase are the preparatory drawings, in particular two free and loosely-stated wash studies made in 1975 of that office entrance, almost abstract in their simplicity. No less significant is a drawing of a little girl, made for a large billboard commission for Lime Street Station in 1979. Obviously worked up from a photograph, it is anything but photographic in the handling, save for a sense of a wistful expression caught on the wing.

In the 1980s, direct realist reference is abandoned while the vigour and freedom of the statement remains. Cockrill is by now an openly committed romantic expressionist, turning no longer to the world about him for his material, but to portentous symbolic themes - Wagnerian warriors and maidens, night and day, death and destruction, war and peace, Venus and Mars. And he is looking to expressionism and symbolism for his exam-



Personal vision: one of Maurice Cockrill's recent abstracted and symbolic landscapes - 'Four Seasons: Winter' (1990)

## One of the last Romantics

William Packer admires the work of symbolic expressionist Maurice Cockrill

ple, to Moreau and Kokoschka, Beckmann and Ensor, Bacon and Guston.

That is not to say he is a mere imitator. Since that shift from an external to an internal imaginative stimulus, there is a clear and readily identifiable personal vision in his work. And if through most of the 1980s the symbolic emphasis remains firmly with the human figure, the way forward to his present position, of imagery more abstracted but

founded in the landscape, was intimated from the start.

The show fills the Walker's two principal galleries either side of the main landing on the upper floor, and fixing the long axis from the one far end to the other are paintings that make the very point. On one end wall hangs "At the Frontier", a large invented landscape of 1982, dark and rich in colour, strong and free in the handling, its foreground occupied by ambiguous tent-like

forms and what might be a shrouded stretcher. And on the far and opposite wall hangs a group of four large oval canvases, of 1990, of abstracted and symbolic landscapes representing the seasons.

While we might respect Cockrill's nerve in taking on in the meantime those great figure subjects - the Venus and Mars cycle, the times of day, the mother and child - it has to be said that the results in the paintings proper are often

ponderous and awkward, less resolved and assured than in the drawings that anticipate them. It is in the later invented and abstracted landscapes that Cockrill has truly come to himself, and they sustain him still.

In this, and almost alone in his generation, he represents that strain of romantic, symbolic expressionism in modern painting in which Britain has been particularly distinguished in the not so distant past: shades of Graham Sutherland,

Ceri Richards, and Paul Nash especially, one of whose mystical landscapes hangs in the next room. Cockrill has earned the right to keep such company.

Maurice Cockrill: Paintings & Drawings 1974-1994; The Walker Art Gallery, Liverpool, until March 19, then on to Nottingham. Also new diptych paintings at Bernard Jacobson, 14a Clifford Street W1, until March 4.

Joint appearances by the soprano Felicity Lott and mezzo Ann Murray are always a double treat. Each singer is a very special artist in her own right, but together they make a team unique in a vocal world better known for rivalries. Their duet programme at the Barbican on Monday has been given with success in many opera houses; later this year in New York it will open the Lincoln Center's 1995-6 recital season.

The Lott-Murray partnership is built as much on a well-matched pair of voices as on long experience. They have been working together - and with Graham Johnson, their accompanist on Monday - for around 20 years, time enough to cultivate the kind of musical interaction a genre as intimate (domestic, even) as the duet

requires to succeed. In Monday's concert they trod successfully the fine line between heartfelt sentiment and drawing-room sentimentality and between them had all the vocal colours to match the programme's wide range.

The evening opened with a selection of Purcell songs in realisations by Britten. Soprano and mezzo blended evenly in "Sound the trumpet", struck teasing sparks off each other in "What can we poor females do?". Their Mendelssohn group was made up of similar contrasts, and two solos gave each singer a chance to reveal her qualities.

Murray brought seamless line to "On wings of song", giving the famous number (sung in German) a new beauty and cleansing it of self-indulgence, and Lott found all the freshness in "Neue Liebe". They evoked the waiting breezes of Rossini's sensuous "La Pesca"; the earthy humour Murray found in "Anzoleto co passa la regata" prepared the appreciative audience for the cheekily strutting sparks of the cheekily characterised "Cats" duet (long attributed to Rossini).

As "The Sisters" in the first of Brahms's Four Duets, Op. 61, Lott and Murray balanced the complex inner emotions of the girls with the outer sim-

licity of the music. Gounod and Saint-Saëns were represented by two duets each; the former's tranquil setting of Racine's "D'un cœur qui

t'aime" was perhaps the most memorable, not least because of Johnson's discreet but supportive piano playing. A pair of Faure duets rounded off a programme as short on pretension as it was full of musical truths.

John Allison

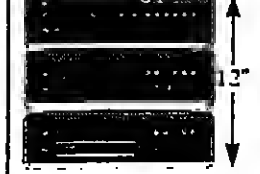
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Sat 18 Feb	7.30	CLASSICAL GALA NIGHT: Music, Light and Laser including William Tell Overture; Pomp & Circumstances; Bolero; D Fortuna (Carmen Suite); Naxos Dances; 1812 Overture. Raymond Gubbay
Sun 19 Feb	7.30	THE LONDON PHILHARMONIC ORCHESTRA: Christoph von Dohnányi (conductor) Brahms Symphony No. 4; Schumann Piano Concerto No. 2; Rachmaninov The Knight's Monologue; Massenet's Pictures at an Exhibition. £25, £20, £15, £10, £5
Mon 20 Feb	7.30	JAZZ GALAXY & THE HILLIARD ENSEMBLE: The Hilliard Ensemble: The five performances. A unique collaboration between the brilliant experts of medieval vocal music & one of today's greatest ensembles. £25, £20, £15, £10, £5
Tue 21 Feb	7.30	THE CHINESE GOLDEN DRAGON ACADEMY OF TAIPAI: Featuring dances, acrobatics & dazzling meditations. Raymond Gubbay/John Martin/Daily Telegraph
Wed 22 Feb	7.30	THE LONDON PHILHARMONIC ORCHESTRA: Zubin Mehta (conductor) Pinchas Zukerman (Violin) Schubert's Op. 90; Brahms Violin Concerto; Shostakovich No. 1. £25, £20, £15, £10, £5
Thu 23 Feb	7.30	THE LONDON PHILHARMONIC ORCHESTRA: Zubin Mehta (conductor) Pinchas Zukerman (Violin) Schubert's Op. 90; Brahms Violin Concerto; Shostakovich No. 1. £25, £20, £15, £10, £5
Fri 24 Feb	7.30	THE LONDON PHILHARMONIC ORCHESTRA: Zubin Mehta (conductor) Pinchas Zukerman (Violin) Schubert's Op. 90; Brahms Violin Concerto; Shostakovich No. 1. £25, £20, £15, £10, £5
Sat 25 Feb	7.30	ALAN BERG QUARTET: Haydn String Quartet, Op. 76 No. 1; Schumann String Trio, Op. 48; Schubert's Op. 90; Brahms Violin Concerto; Shostakovich No. 1. £25, £20, £15, £10, £5
Sun 26 Feb	7.30	THE LONDON PHILHARMONIC ORCHESTRA: Zubin Mehta (conductor) Pinchas Zukerman (Violin) Schubert's Op. 90; Brahms Violin Concerto; Shostakovich No. 1. £25, £20, £15, £10, £5
Mon 27 Feb	7.30	THE LONDON PHILHARMONIC ORCHESTRA: Zubin Mehta (conductor) Pinchas Zukerman (Violin) Schubert's Op. 90; Brahms Violin Concerto; Shostakovich No. 1. £25, £20, £15, £10, £5
Tue 28 Feb	7.30	THE LONDON PHILHARMONIC ORCHESTRA: Zubin Mehta (conductor) Pinchas Zukerman (Violin) Schubert's Op. 90; Brahms Violin Concerto; Shostakovich No. 1. £25, £20, £15, £10, £5

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## INTERNATIONAL ARTS GUIDE

## What's on in the principal cities

## AMSTERDAM

## CONCERTS

- Het Concertgebouw Tel: (020) 671 8345  
 ● Royal Concertgebouw Orchestra: with soprano Sylvia McNair, André Previn conducts Debussy, Ravel, and Ravel; 8.15 pm; Feb 22, 23, 24  
 ● Royal Concertgebouw Orchestra: with soprano Barbara Hendricks, André Previn conducts Harbison, Previn, Barber and Copland; 8.15 pm; Feb 18, 19 (2.15 pm)

## GALLERIES

- Rijksmuseum Tel: (020) 678 21 21  
 ● Art of Devotion 1300-1500: winter exhibition focusing on the spiritual function of objects in the medieval period; to Feb 26 (Not Sun)  
 ● Ukiyo-E: the finest Japanese prints; from Feb 18 to May 28  
 ■ Stedelijk Tel: (020) 5732 911  
 ● Alfa Romeo: The Essence of Beauty: exhibition marking the development and design of Alfa Romeo cars from the early part of this century to the most recent models; to Apr 2  
 OPERA/BALLET  
 ■ Het Muziektheater Tel: (020) 551 89 22  
 ● Maseppa: by Tchaikovsky, A Netherlands Opera production conducted by Hamut Haenchen and directed by Richard Jones; 7.30pm; Feb 21

## BARCELONA

## GALLERIES

- Fundació Joan Miro Tel: (93) 329 19 08  
 ● Julian Schnabel: works by the American artist including 30 large format paintings and four monumental sculptures displayed outside the building; from Feb 23 to May 14

## BERLIN

## GALLERIES

- Neue Nationalgalerie Tel: (030) 2662653  
 ● George Grosz, Berlin-New York: exhibition of the German Dadaist who emigrated to the US; to Apr 17  
 OPERA/BALLET  
 ■ Deutsche Oper Tel: (030) 341 9249  
 ● Das Rheingold: by Wagner. Conductor Horst Stein, production by Götz Friedrich; 7.30pm; Feb 19  
 ● Die Meistersinger von Nürnberg: by Wagner. Conductor by Rafael Frühbeck de Burgos, production by Götz Friedrich; 5 pm; Feb 19, 23  
 ● Oedipus: by Rihm, conducted by Peter Kuschig, produced by Götz Friedrich; 7pm; Feb 21 (7.30pm)

## BONN

## GALLERIES

- Kunst- und Ausstellungshalle Tel: (0228) 9171 236  
 ● Under the Volcano: Antique Masterpieces: second in the "Great Collections Series", this exhibition represents a modern "excavation" from among the 200,000 works of the Museo Archeologico Nazionale di Napoli that includes statues, frescoes and ceramics; to Jun 5 (Not Mon)  
 ● Wunderkammer of the Occident: a journey through the history of European museums and collections, with more than 2,000 objects that have been collected by Europeans since the Renaissance; to Feb 26 (Not Mon)

## BRUSSELS

## CONCERTS

- De Munt/La Monnaie Tel: (02) 218 22 11  
 ● Il Trionfo dell'Onore: by Scarlatti. Conducted by Patrick Davin and produced by Joël Lauwers; 8pm; to Mar 2 (Not Mon)  
 ● Il Trittico: by Puccini. A new production directed by Stein Winge, conducted by Antonio Pappano; 7pm; Feb 19 (8pm), 21, 24

## COLOGNE

## CONCERTS

- Waltraud-Richter Tel: (221) 221 2379  
 ● Maurice Denis: exhibition of works by the French painter associated with the Nabis group; to Apr 2

## FRANKFURT

## CONCERTS

- Alte Oper Tel: (069) 1340 400  
 ● Michael Quast: lovesongs; 8pm; Feb 18  
 GALLERIES  
 ■ Museum für Moderne Kunst Tel: (069) 212 304 47  
 ● Harald Pompl-Michael Reiter: experimentation with modern materials; to Feb 24 (Not Sun)

## LONDON

## CONCERTS

- Barbican Tel: (0171) 638 8891  
 ● Haydn in London: Raymond Leppard conducts the English Chamber Orchestra to play Haydn, Mozart and Vivaldi in a concert that marks the 200th anniversary of the composer's visit to London; 8pm; Feb 22  
 ● Sorry I Forgot Valentine's Day: If you missed Valentine's day, Paul Wynne Griffiths conducts the London Concert Orchestra and pianist Sarah Beth Briggs to play another evening of romantic classics; 7.30pm; Feb 18  
 ■ Tippett: Visions of Paradise: Sir Colin Davis conducts the London Symphony Orchestra in a programme



Visions of paradise: Sir Michael Tippett is 90 this year

that includes the world premiere of Tippett's 'The Rose Lake'; 7.30pm; Feb 19  
 ● Tippett: Visions of Paradise: Sir Colin Davis conducts the London Symphony Orchestra and violinist Midori to play Stravinsky, Sibelius and Tippett's Symphony No. 4; 7.30pm; Feb 23  
 ■ Festival Hall Tel: (0171) 928 8800  
 ● Classical Gala Night: a night of classics with the London Concert Orchestra, The Royal Choral Society and the Band of Welsh Guards under the direction of David Arnold; 7.30pm; Feb 18  
 ● Novosibirsk Philharmonic Orchestra: with pianist Paul Groves and bassist Anatoli Safulin, Arnold Katz conducts Prokofiev, Shostakovich and Rachmaninov; 7.30pm; Feb 20  
 ● The London Philharmonic: Zubin Mehta conducts Schubert, Berg and Elgar; 7.30pm; Feb 23  
 ■ Purcell Room Tel: (0171) 928 8800  
 ● The Two Sides of Steve Williams: alto, soprano and tenor jazz saxophonist plays a set that encompasses his straight ahead and rhythm-groove styles; 7.30pm; Feb 21

● The London Philharmonic: Zubin Mehta conducts Schubert, Berg and Elgar; 7.30pm; Feb 23  
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 ● The Two Sides of Steve Williams: alto, soprano and tenor jazz saxophonist plays a set that encompasses his straight ahead and rhythm-groove styles; 7.30pm; Feb 21

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## NEW YORK

## GALLERIES

- Guggenheim Tel: (212) 423 3652  
 ● Ross Blackner: mid-career retrospective of the American artist consisting of approximately 75 paintings and works on paper; to May 14  
 ■ Guggenheim Soho Tel: (212) 423 3652  
 ● Antoni Tapies: 55 of the leading Spanish artist's most important works dating from 1946 to 1991; to Apr 23  
 ■ Metropolitan  
 ● Early Renaissance Florence: 100 panel paintings and manuscript illuminations by masters of the Gothic style; to Feb 26 (Not Mon)  
 ● The Kluge of New Britain: Photographs by Phillip Daric reveals the art, performance and daily life of the Kluge people from the North West coast of New Britain, east of New Guinea; to Jul 28  
 ● Thomas Eakins exhibition honoring the 150th anniversary of the birth of the artist. This installation of about 30 works from the museums holdings explores the museums continuing interest in Eakins; to Feb 26  
 ■ Museum of Modern Art Tel: (212) 708 9480  
 ● Kandinsky: Compositions: exhibition featuring approximately forty works including seven of the surviving 'Compositions' paintings; to Apr 25  
 ■ Whitney Museum  
 ● Franz Kline: Black and White 1950-61: Abstract Expressionist works from the last decade of the artist's life; to Mar 12

and produced by Luca Ronconi. Soloists include Béatrice Uta-Monzon as Marguerite, and Thomas Moser/Gary Laies as Faust; 7.30pm; Feb 18, 20, 23

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Peter Aspdon

## War on testosterone-charged tension

National service, run as a university of life, might just make us all well-rounded human beings and less squeamish

I am sorry to say it, but events over the past couple of weeks have forced me to conclude that we should bring back national service.

I am thinking, in particular, of the unfortunate assault on James McGuire, an Aldershot civilian, by four high-spirited members of the local parachute regiment. In lamenting the attack, Julian Critchley, the MP for Aldershot, put his finger on the trigger, as it were: "Their training makes them on the one hand probably the best infantry in the world, but on the other hand creates trouble for their garrison town."

Sure enough, subsequent interviews have unveiled a highly unpleasant backdrop of resentment between civilians and squaddies in many parts of the country, particularly on those unwinding, de-stressing Friday and Saturday nights.

Well, what should we expect? We create a professional army, composed of volunteers who might just have an ounce or two more aggression than the rest of us to start with, and then drill them, tune them, hone them until they become the ultimate fighting machine. Come the time to relax, the machine finds it hard to switch

itself off. A chance encounter outside this pub with some unemployed loafers, or off-duty French footballers, and the touch-paper is lit. The only surprise is that it does not happen more often.

It strikes me as hypocritical that a democratic society, having decided that it needs occasionally to embrace violence and aggression to protect its core values, should have off these unpleasant functions to a professional core of highly-trained young men who are then periodically asked to integrate socially with their less belligerent contemporaries.

The situation is scarcely

improved when the joys of an army life are ravishingly portrayed in all their glossy glory in movie adverts which have the gall to end with an off-duty trooper strolling along a tropical beach with a worshipful megahabe in tow. Subtle it is not, and absolutely guaranteed to send entire regiments of disaffected local youth rabid.

In countries with conscript armies, these unforgettable weekend nights of testosterone-charged tension simply do not occur: on seeing a group of soldiers, one merely feels sorry for the group of lads whose turn it is to do the dirty work. They, in their turn, carry

none of the swagger of the well-practised warrior, wearing instead the gaunt look of one who longs for just one sweet night on a soft mattress.

This all makes sound, egalitarian sense. If we judge there is a need for it, we should all - men and women alike - carry the hideous knowledge of what it is like to drive a bayonet into a bag of straw made up as the enemy, or spray a few dozen rounds of machine-gun fire into dummies dressed as eight-year-old children.

But my national service would have its nice days, too. I would follow a day of unleashed hostility

with small encounter groups during which everyone would learn how to thread beads and listen to Crosby, Skiffis, Nash and Young albums. Then, maybe a bit of painting, a couple of hours of music and an excursion to a Third Division football match. My national service would be a university of life - no textbooks, no teachers, the only lessons being those which we picked up being hunched from one extreme of the human condition to the other.

We would then, at least, emerge as well-rounded human beings, exquisitely poised, as Norman Mailer memorably said of Robert

Kennedy, somewhere between a blade of steel and a blade of grass. If we decided to go to war, we would all know exactly what that meant, and we would never be shocked by footage of napalmed babies or raped old women.

We would never be tempted to see Quentin Tarantino movies because they would just seem plain silly, instead of stylish and silly, and we could all meet in the centre of Aldershot on a Saturday night, manfully thump each other on the back and discuss the novels of George Eliot. In battle, our opponents simply would not stand a chance.

Fin, Fini... Mussolini! shouted the protesters when the self-proclaimed leader of the Italian Right descended on London this week to show the British his democratic credentials.

For the - no doubt sincere - Anti-Nazi Leaguers penned outside the conference centre near Parliament Square, there was nothing to discuss.

As far as they are concerned, Gianfranco Fini leader of the neo-fascist Italian Social Movement (MSI), which transmuted last month into the "anti-fascist" National Alliance, is a fascist still.

The object of their hate is a smart 48-year-old from Bologna, tall, slim, and self-assured. He wears professorial specs and smokes Marlboro cigarettes. In the past he has been likened to a bank clerk. The comparison does not wash: Fini is too smooth. Occasionally disdainful, he is also fluent, emphatic - and always, it appears, in control of himself.

Fin's words good. He looks good. Is he too good to be true? Inside the conference hall, a veteran of the far left rose to protest that the Wednesday evening meeting was taking place at all. Fini scarcely blinked. He went on to give members of the Royal Institute of International Affairs the blandest possible account of the Italian political scene in the wake of the collapse of Silvio Berlusconi's coalition government, of which his party was a member.

Asked about his intentions towards Istria, the region of former Yugoslavia occupied by Mussolini, Fini - who 30 months ago was throwing "We Will Return" bottled messages into the sea off the coast - said he merely wanted to negotiate guarantees for the Italian-speaking minority.

When the neo-fascists were a marginal party drawing 5.6 per cent of the vote, Fini's antics and history were of little interest to the outside world. Today, the polls say his Alliance commands nearly 20 per cent of the vote and is the third force in Italian politics. Fini is suddenly the man to watch.

Later that evening, secure in his suite at Claridge's, I asked the Alliance leader what he made of the demonstrations. "It would make the Italians laugh," he said. "As for me, it leaves me indifferent." He added: "Nobody in Italy today asks me to account for the past. The anti-fascists and ex-communists were saying some months ago that people should watch out for Fini. After the congress [when the MSI was wound up] they nearly all said that the svolta [turning point] was a real one and one should give it due credit."



Private View / Christian Tyler

## The three phases of Fini

Do you not feel it necessary to make some more positive declaration for non-Italians?

"It hasn't been said, it has been written. Because words fly away and writing remains. We have come to terms with our past."

I reminded him that his former coalition partner, Umberto Bossi of the Northern League, had a few days ago warned that a Berlusconi-Fini government would be a fascist regime.

At this point Fini's smiling assistant, a burly older man with a close-cropped bullet head, started muttering in a curiously squeaky voice.

"Nobody takes Bossi seriously any more," retorted Fini. "Bossi belongs to Italian political folklore. He's destroyed his party and his credibility." Fini has in the past described Mussolini's fascism as "an interesting phenomenon", as a regime which was not entirely negative (at least until promulgation of the racial laws in 1938) and as an episode whose memory it was the MSI's task to preserve.

Today, he says it is for historians to decide what was good, what bad. "In some aspects it had some positive moments," such as its social legislation, but what was good was good only in its context.

Is there anything from it you would adopt now?

"No, because it was a response to Soviet totalitarianism and it has nothing to contribute now."

Why did you tell *La Stampa* that Mussolini was the greatest statesman of the century?

"Perhaps I made a mistake, or perhaps the journalist was

Gianfranco Fini, the Italian politician, was in London this week to explain that he is no longer a fascist

very malicious. I said that he was one of the men who had most characterised the 20th century. I didn't want to make a value judgement... saying he was the greatest. But he was certainly a man who left many marks on the century. This is incontestable."

Do you feel obliged to shake off the past?

"Yes, to consign the past to the judgment of history."

I mean your own past.

"My past is well known to Italians. No Italian will reprove me for it. Or those who might not vote for me."

In a message to the final congress of the MSI, Fini wrote that the party was evolving, not being dissolved. Only something which was mistaken could be dissolved. I asked him: Will you not say you made mistakes in the past?

"Certainly I have made mistakes. No one should be so presumptuous as to think they have never made mistakes."

I mean have you changed your ideas?

"We have changed much. If you look at the constitution of the MSI and of the National Alliance you will see there are many and profound differences. I wrote this myself."

When I write, I am consulting my brain, not just using my hand."

How have you changed personally?

"I am today convinced that the first principle of democracy is that there should be adversaries, not enemies. I hope you will understand the difference because it can seem like just a play on words in Italian. An enemy is there to be destroyed. The adversary is to be opposed but respected. Some years ago I would not have said that."

Fini grew up in the culture of political violence of the late 1960s and early 1970s, in a family with a history of political militancy of both varieties. His wife, like himself, was a member of the MSI's sometimes sinister youth movement.

Today, Fini protests that he joined the neo-fascists (he later started calling them "post-fascist") because in Italy's long post-war convalescent struggle, now over, there was no other way of being an anti-Communist. Besides, he was branded fascist by his Communist schoolmates.

You have grown up with political violence, I said.

"No, that's not right. I've never had problems with the law, personally no. I had, like all young Italians who weren't allied with the Left, some problems, especially at university. There was no leftist youth movement at the university. The only demonstrations were organised by the neo-fascist party. This is another Italian paradox."

It was hard, he said, for the English to understand why the Italian right had for 50 years been seen as a continuation of fascism, which was, after all, an Italian creation. This was the "F" factor. The "C" factor the largest communist party in the west - had sustained a

fascist opposition. With the death of communism, fascism was redundant.

"Antifascism in Italy was the way in which communism sought to present itself as respectable," he said. "Today we have finally arrived at a left and a right much more like the other countries of Europe."

Fini's manifesto priorities are constitutional reform and economic revival. The National Alliance wants to create a presidential rather than parliamentary form of government, modelled on the French system. (The US version was considered and rejected.) This, said Fini, would guarantee stability notably lacking in post-war Italy, and would provide strong mechanisms of control.

The economic revival would depend on a free market but with strong social institutions and continued state support for the south (where many Alliance voters live).

The Alliance represents what it calls the "social right", a term difficult to understand outside Italy. When I suggested - as some Italian commentators have - that Fini is actually to the left of Berlusconi's Forza Italia party, he ridiculed it. "It's not true, because the Italian right is not anti-social. I am leader of the right, Berlusconi is leader of the centre."

"I often say that in Italy there has only been one war, the war of words. It is a war which confuses things a lot."

Both Zhurinovskiy [the Rus-

sian nationalist] and Halder [the Austrian] call themselves liberal democrats. I am very, very different from them. Or people say I want to form a Thatcherite Conservative party. But you can't transfer from country to country.

"In an epoch where there are no more ideologies, one can't think that the English model will work for Italy. This kind of reasoning only works under ideologies. Communists and fascists in the UK or Italy or Germany can be the same."

Some choose to see Fini as a plausible opportunist rather than a genuine convert. He and his aide-de-camp laughed in disbelief when I mentioned it. "This question is prejudiced, sectarian," said Fini.

So what is your deeper motivation? Power?

"No, it is to do that which serves the interests of my people, the Italians."

Not to eradicate socialism?

"Certainly, that is good for the people. But it is the consequence, not the motive."

As They Say in Europe / James Morgan

## Trapped on a train to nowhere

Last week we saw how the British and the French view each other through their Tunnel. This week, we see how the Channel tunnel has opened some eyes to what one might call underlying realities. Steen Eriksen, a Dane, took an early-morning Eurostar from Paris to London and wrote in *Weekendavisen* that the two ends of the railway had much in common.

"You are welcomed at the Gare du Nord by half-asleep bag people who are about to put their sleeping bags and paper bags together. The contrast between them and the Balm-in-clad passengers is a bit of a shock."

At Waterloo, there was a similar shock. "Like a king you are escorted to the taxi cabs. And right outside the station are the people who live in cardboard boxes. When we in the rich world can create such technology as Eurostar and the tunnel, when we can overcome the economic and cultural differences of hundreds of years on both sides of the Channel, how can it be that we cannot help those in acute need?" This, the Dane

thinks, is a relatively small problem.

In Denmark it may be, but in France and Britain it is not. The Danes are good at solving human problems but technology is harder. Denmark has one of the lowest levels of spending on research and development in the world and exists on the basis of low-tech industries which are well plugged into niche markets.

When it comes to social problems, however, nothing is beyond the Danes. How do you deal with psychopaths on new housing estates? What do you do if Granny Jensen is suicidally depressed? You get the unemployed to look after them and, since about one in seven of the population is out of work and paid enormous sums to be so, the scheme works.

France, of course, pays great attention to such problems. Low wages are pushed up through the minimum wage. Unemployed people get quite a good deal. So unemployment is high and if you have never had a job, you will never get one. The French have developed a whole vocabulary to deal with the situation. "Exclusion" is the vogue word:

the "excluded" are to be found among Estrid Petersen's bag people at the Gare du Nord.

The Roman Catholic bishop of Evreux threw himself into the fray on behalf of this group - and was sacked last month. He also campaigned for condoms, largely for the fight against AIDS, which was enough on its own to gain papal disapproval. Newspaper

When it comes to social problems, nothing is beyond the Danes

polls show these problems dominate French minds. The French call their present gloom *morosité*. Britons scarcely have a phrase for theirs: "Lack of the feel-good factor" is a clumsy summing up in a society which has little feel for abstract concepts except for "sovereignty". In fact, the British are like the French but had at expres-

ing themselves. In a survey in the annual publication *Social Trends* published in January, a poll appeared showing what happened when people were asked whether they agreed with such statements as: "The government should spend more on social security benefits for the poor even if it leads to higher taxes." Just over half said Yes, 20 per cent No. The same pattern was revealed when it was suggested that many people who get social security benefits do not really deserve any help. Twice as many disagreed as agreed.

Shortly before the 1992 election, the head of one of Britain's leading public polling organisations said Labour had run a "brilliant campaign". It had targeted the main topic worrying the electorate - the health service, in this case. "The British are incredibly generous," said the opinion expert. "Every time we ask them if they would spend another penny in income tax on welfare, they always say 'Yes'."

You could, he concluded, run them up to a marginal rate of 51.15 in the pound. The rest, as they say, is history.

Labour lost again. Pollsters never ask questions like: "If I were to ask you how you would vote, would you lie?" Do they not know it takes guts to say welfare beneficiaries are a bunch of layabouts and that it is not worth increasing taxes to pay them more?

No one likes to see bag people at both ends of the Eurostar track. The British and the French say it worries them but the problem remains. It is a shame we cannot all do what the Danes do: forget about world-class technology, produce basics like butter and bacon, and run profitable ships round the Skagerrak. Then tax everybody like mad and you have a land without Porsche or bag ladies.

I called the ministry of foreign affairs in Copenhagen, just after 3pm in London, 4pm there. "There is nobody here," said a voice. "The office is open from nine until four."

Another problem solved. James Morgan is economics correspondent of the BBC World Service.



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# Weekend INVESTOR

Wall Street

## Caught by the spell of the numbers game

Indices hit record highs but dealers eye the magic 4,000, says Maggie Urry

Wall Street has spent the past few days under the spell of the number 4,000. Both the Dow Jones Industrial Average and the broader S&P 500 indices hit record highs during the week, beating those set, respectively, on January 31 and February 2 last year just before the Federal Reserve began to tighten interest rates.

The question then was whether the Dow could crack 4,000. It nearly got there on Wednesday, reaching 3997.55 before falling back in the afternoon as investors took profits – and perhaps fright at its vertiginous position.

Such a question, however, is usually a sign that a market is feeling over-extended. One that is rising strongly takes little notice of supposedly important round numbers and can break through with barely a gasp for breath.

When indices approach such levels and then fall back or struggle above a round number, only to slip back shortly afterwards, it is more often a sign that the market needs a breather.

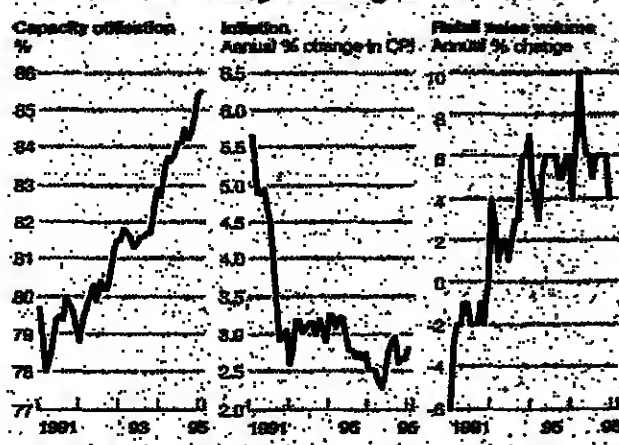
The more important question is whether the equity market deserves to be regaining highs set when short-term interest rates were 3 per cent, instead of the 6 per cent to which the Fed has pushed them over the past year, and the long bond yield was 6½ per cent, compared with more than 7½ per cent now. Certainly, the stock market is taking a bullish view on the prospects for a "soft landing" – the idea that the US economy, which was growing at an annual rate of 4½ per cent at the end of last year, will soon slow down to the 2½ per cent thought to be consistent with keeping inflation within check.

The optimists believe that the Fed has done just enough, in the form of interest rate increases, to achieve that without either tipping the economy into recession or letting the economy run too fast and stoke up price rises.

These bulls take heart from the plethora of economic statistics released over the past few days which seem to show that the economy is slowing while inflation is not rising too fast.

The first significant statistic was the retail sales figure for January. It was a weak number for December's retail sales which sparked a rally in shares

### Is the US economy slowing down?



Source: DataStream

last month; and although December's number was revised upward and January showed an 0.2 per cent rise in retail sales, these figures were still considered weak enough to indicate a slowing economy.

Those statistics were released on Tuesday, the day the S&P 500 set its record. But there was much more good news on Wednesday when the consumer price index, capacity utilization, and industrial production figures were published. Taken together, these also were seen as supporting the bull case – and that day the Dow hit the heights, too.

Could it be that the Fed need not raise rates again at all, as the market seems to be saying? This rose view is what David Shulman, strategist at Salomon Brothers, calls the Goldilocks economy.

Shulman is perhaps the Daddy Bear of Wall Street at present, but he is persuasive in arguing that there will be some bad economic statistics coming. Inflation will increase as wage and price increases come through, he says, and he points to corporate earnings as evidence that the economy is still strong.

He cites Hewlett-Packard, the computer and electronics group, which on Thursday reported unexpectedly good profits for the three months to the end of January. These showed a gain in net income of 64 per cent and the shares rose 10½, an increase of nearly 10 per cent, on the day.

Other companies are indicating that 1995 has started well, he says, suggesting that the economy is not slowing as much as hoped. As a result, he expects the Fed to increase

rates again, although perhaps not until the May committee meeting rather than in March. Jeffrey Applegate, strategist at CS First Boston, is not as bearish as Shulman but still sees significant risks in the equity market's present level.

Yes, he agrees, the economy is slowing. But is it now slow enough for the Fed? No, he says. "The Fed will continue to tighten until it sees the whites of the eyes of this slowdown," he asserts, and he believes it will be the third quarter before GDP growth slips back to the desired 2 to 2½ per cent rate. None of the statistics published over the past few days change his view.

Applegate suggests that for the market to hold above the 4,000 level, the slowdown would have to be at hand with inflation under control, corporate profits still rising strongly and no more tightening from the Fed. These four would seem to be incompatible, though. If the slowdown is here, for instance, profit growth must weaken.

But the market likes to have it both ways. It should have been pleased by apparent evidence of the desired slowdown when Motorola warned yesterday that slower sales of mobile telephones had left it with stocks much higher than they should be.

Instead, it cut Motorola's shares immediately by 10 per cent.

**Dow Jones Industrial Average**  
Monday 3,954.21 -15.14  
Tuesday 3,968.25 +10.04  
Wednesday 3,986.17 +17.92  
Thursday 3,997.55 +11.38  
Friday

## Footsie loses its footing again

Philip Coggan explains why yet another rally has died

It was fun while it lasted, but it did not last very long. Last week's rally, which took the FT-SE 100 index above 3,100, petered out this week and even an all-time high on Wall Street failed to stem the tide.

The market seems doomed to meander in a trading range of around 3,050-3,150. As soon as good news carries it close to the top of the range, investors find something to worry about and drive the index down.

This week, it was sterling that caused the wobbles. The pound seems to have been weakening ever since the Queen Mother was a schoolgirl and this week it slipped one more rung on its long-term trend towards parity with the Vietnamese dong.

To be fair, the latest decline probably owes as much to the strength of the D-Mark as to the weakness of the pound. The Mexican crisis has made investors nervous and look for safe havens for their money. Since the US is seen as paying

the bill for Mexico's problems, the D-Mark, rather than the dollar, is playing the safe haven role.

European currencies in general are struggling against a resurgent D-Mark, the Italian lira fell to all-time lows this week. Sterling held up relatively well in January, but the recent crisis over Ulster has provoked fears over the health of the government.

Nevertheless, the weakness can be exaggerated. As the graph below shows, sterling has lost less than 2 per cent on a trade-weighted basis since the start of the year.

For equities, sterling weakness is a mixed blessing. In theory, it makes life easier for British exporters (as happened after Black Wednesday) and thus improves the corporate earnings outlook.

But if the government reacts to a weaker pound by raising rates, shares will obviously suffer. And this week some analysts were speculating on a vicious circle, in which the

unpopularity of the government weakened the pound, forcing the authorities to raise rates, making the government less popular and so on.

Sterling's woes have done little to help the gilt market. Shares strength in early February was helped by the strength of gilts, with the yield on the benchmark 10 year issue dropping to 8.56 per cent by February 7, compared with 8.8 per cent at the start of 1995. But since then, yields have risen to 8.63 per cent.

Many investors use the yield ratio – the relationship between bond and equity yields – as a means of assessing the value of the stock market. At around 2.1, the ratio is not at the peak of its range, but nor is it at a level (generally thought to be below 2) where shares look cheap.

This week's batch of economic statistics gave little help to the market. The rise in the annual rate of retail inflation in January to 3.8 per cent was somewhat illusory; the retail



Michael Heseltine cheered investors in utilities

price index was actually unchanged between December and January.

More alarming was Monday's announcement of a sharp rise in manufacturers' fuel and raw material costs. Such costs rose by 11.5 per cent in the year to January, the biggest annual increase for 10 years.

The implications are not good for equities. Either manufacturers pass on these costs, in which case inflation will rise and the authorities will be forced to push up interest rates. Or manufacturers try to absorb the higher costs, which means lower profit margins and bad news for share prices.

By yesterday's close, all these worries had forced Footsie down to 3,043.21, 2.1 per cent lower on the week and 0.7 per cent below its level at the start of the year.

But perhaps the answer for private investors is to forget the big picture and concentrate on the individual stocks, where it is still possible to earn bumper profits. For those many private investors who are likely to be exposed to the utilities because of privatisations, this may have been a profitable week.

Tuesday's announcement by Michael Heseltine, trade and industry secretary, that he would not refer Trafalgar House's bid for Northern Electric to the Monopolies and Mergers Commission, caused a sharp rally in electricity and water shares.

The electricity sector jumped 3.4 per cent on Tuesday, although it lost some of the ground in the rest of the week as the speculators took profits. Some in the market were warn-

ing that, if the expected wave of follow-up bids does not happen, the sector could be vulnerable to a setback.

The coming week could provide a stern test for the market in other ways, since the results season starts in earnest, with the likes of Unilever, British Gas, ICI and Shell. So far this year, there have been some disappointing results or trading statements, such as from Vodafone and Incheape, but none from companies which investors might regard as bell-weather stocks.

A strong earnings performance from some of the titans of UK industry might help. But traders will probably focus not so much on last year's numbers as on the forward-looking statements from chairmen.

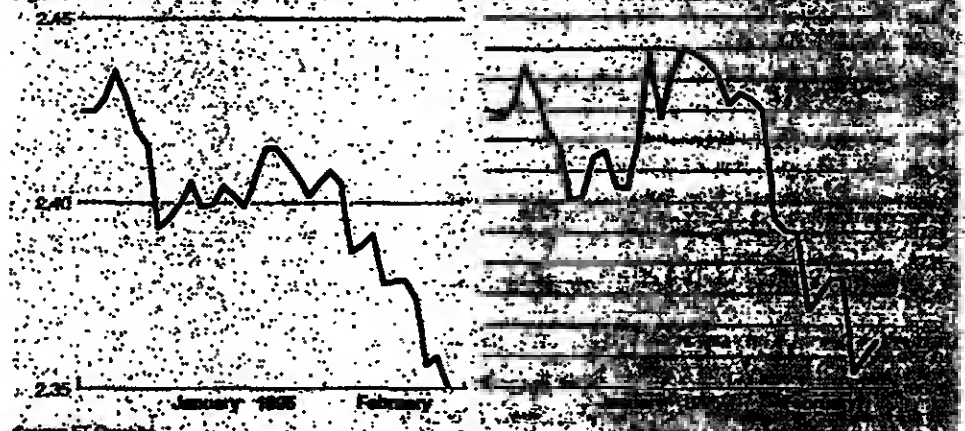
This column has introduced a dividend index to gauge the state of corporate sentiment. So far, so good. The four week average of the index, compiled by subtracting falling payouts from rising ones and expressing the result as a percentage of all announcements, is steady at 58.4 per cent, where it was at the end of January.

However, one sector where sentiment is not healthy is building materials – shares in three Footsie stocks in the sector, Blue Circle, Caradon and Wolsley, fell 7, 8.3 and 10 per cent respectively this week.

According to Robin Hardy of Pamure Gordon, the continued weakness of the construction sector has depressed investors about the prospects for building materials companies to raise prices. A profits warning from Norcross, the building materials, printing and packaging group, did nothing to help sentiment.

### Sterling battered by a strong D-Mark

Against the D-Mark (January 1)



Source: FT Graphics

### Highlights of the week

	FT-SE 100 Index	FT-SE 250 Index	FT-SE 100 Index	FT-SE 250 Index	FT-SE 100 Index	FT-SE 250 Index
Monday	3,954.21	3,054.21	3,954.21	3,054.21	3,954.21	3,054.21
Tuesday	3,968.25	3,068.25	3,968.25	3,068.25	3,968.25	3,068.25
Wednesday	3,986.17	3,086.17	3,986.17	3,086.17	3,986.17	3,086.17
Thursday	3,997.55	3,097.55	3,997.55	3,097.55	3,997.55	3,097.55
Friday						



Barry Riley

## Don't believe in miracles

Sterling's stutter exposes flaws in the sovereignty debate

Never believe in miracles. The markets in the UK woke up to some of the economic and political risks this week, and sterling suffered an embarrassing bout of nerves even as Treasury ministers went on television with soundbites about an ideal pattern of economic growth.

Across the Atlantic, however, the US markets surged ahead until midweek, still evidently failing to come to terms with underlying realities. Yesterday, however, the dollar also came under fire. The Dow hit an all-time high on Wednesday, cooking a smok at the many international bears of US equities, myself included (although UK institutional investors, according to Smith New Court's Gallup poll, are now less pessimistic about Wall Street than in January).

Market analysts have been playing with many fancy, even weird, theories to justify the rise in the Dow. There is the view that what Wall Street does in January will set the pattern for the year as a whole (it rose, especially according to the broader indices); that history shows the Dow always rises when the year ends in "5"; and that equities always climb in the penultimate year of a presidential term.

But elaborate justifications are not needed. The recent strength of equities has been prompted by the fall in bond

yields, with the 10-year US Treasury yield down from 7.9 to under 7.5 per cent this year.

If you read the market reports, you will get the following explanation of the strength of bonds. After a year of raising short-term interest rates steadily, the US Federal Reserve has now almost achieved its aim of slowing the economy. Already, there is tentative evidence, as in the latest industrial output figures for January, that activity could be decelerating.

If short-term rates do not rise significantly further, the bond and stock markets will escape the tightness of liquidity which has triggered past bear markets at times of economic overheating.

This story does not stand up to the most superficial examination, however. Dollar short-term interest rates, at about 6 per cent, are not at all high by past standards. Any economic slow-down in January is likely to mark only a brief pause after the surge towards the year-end. Inflation has begun to pick up.

When markets move sharply, I always ignore the claims that investors have changed their views. Of course, it is a matter of tautology that, if the price level of securities has changed, the economic and financial assumptions reflected implicitly in those prices have also shifted. For instance, if bond yields fall,

inflation expectations can be said to have moderated. In the short run, however, this can be very deceptive: it is flows of money that drive markets, not the other way round.

So, where on earth has the new money come from, when normal cyclical theory would indicate that rising savings deposit rates should be

rescue package will hold together. It seems that about \$100m, mainly from the IMF, has been paid over already – but the rest is far from being guaranteed. If you are brave enough to invest in Cetes, the peso-denominated short-term paper, the interest rate rose to 40 per cent this week. So much for confidence and stability.

The Mexican saga is far from over. Now it seems that confidence is ebbing rapidly in the US's other neighbour, Canada. Again, the US dollar securities markets look temporarily like safe havens, but the whole dollar bloc is being weakened.

In the UK, the economic figures seem to be telling a similar story to that in the US – a slow-down in the economy but an acceleration in inflation – but the market reaction has been quite different. Plainly, the money has been flowing not in but out. Those foreigners (and maybe some natives, too) have begun to worry about political stability.

There are contradictions here. Are the markets worried about the UK's lack of commitment to a single European currency? Or is it the possibility that the government will collapse and be replaced by a financially less prudent Labour administration? But Labour would be more likely to sign up for monetary union – and

if it did, it would have to toe the economic line. At any rate, it could not follow policies any more ruinous than those of, say, France or Belgium. The cop-out here is the old observation that markets simply hate uncertainty.

What the recent weakness of sterling has served to do, though, is to highlight the bogus nature of much of the monetary sovereignty debate. There was little sovereignty in the gold standard and, after the beggar-my-neighbour period of the 1930s, not much more in the Bretton Woods system. Since that broke down, early in the 1970s, at last allowing the full expression of monetary sovereignty, sterling has been devalued by 40 per cent against the dollar, 70 per cent against the D-Mark and 80 per cent against the yen.

Going it alone requires the payment of a big risk premium, especially in unsettled times: in a month, the interest rate differential between 10-year UK and German government bonds has widened from 0.97 to 1.21 percentage points. The British government's perception of monetary sovereignty amounts to much the same thing as the creditors' perception of risk.

Britain's national financial credentials have, of course, been subject to far-reaching reform. But total reform would indeed be a miracle.

rescue package will hold together. It seems that about \$100m, mainly from the IMF, has been paid over already – but the rest is far from being guaranteed. If you are brave enough to invest in Cetes, the peso-denominated short-term paper, the interest rate rose to 40 per cent this week. So much for confidence and stability.

The Mexican saga is far from over. Now it seems that confidence is ebbing rapidly in the US's other neighbour, Canada. Again, the US dollar securities markets look temporarily like safe havens, but the whole dollar bloc is being weakened.

In the UK, the economic figures seem to be telling a similar story to that in the US – a slow-down in the economy but an acceleration in inflation – but the market reaction has been quite different. Plainly, the money has been flowing not in but out. Those foreigners (and maybe some natives, too) have begun to worry about political stability.

There are contradictions here. Are the markets worried about the UK's lack of commitment to a single European currency? Or is it the possibility that the government will collapse and be replaced by a financially less prudent Labour administration? But Labour would be more likely to sign up for monetary union – and

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